UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2019

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number **001-36405**

FARMLAND PARTNERS INC.

(Exact Name of Registrant as Specified in Its Charter)

Maryland (State or Other Jurisdiction of Incorporation or Organization)	**46-3769850** (IRS Employer Identification No.)
4600 South Syracuse Street, Suite 1450 **Denver, Colorado** (Address of Principal Executive Offices)	**80237** (Zip Code)

Registrant's Telephone Number, Including Area Code **(720) 452-3100**
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name Of Each Exchange On Which Registered
Common Stock, $0.01 par value per share	**New York Stock Exchange**
6.00% Series B Participating Preferred Stock, $0.01 par value per share	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☑	Non-accelerated filer ☐ Emerging growth company ☐	Smaller reporting company ☑

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

As of June 30, 2019, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately $210,402,661 based on the closing sales price of $7.05 per share as reported on the New York Stock Exchange. (For purposes of this calculation all of the registrant's directors and executive officers are deemed affiliates of the registrant.)

As of March 9, 2020, the registrant had 29,851,685 shares of common stock (31,755,477 on a fully diluted basis, including 1,903,792 Common Units of limited partnership interests in the registrant's operating partnership) held by non-affiliates of the registrant outstanding for an aggregate market value of $176,423,458 ($187,674,869 on a fully diluted basis) based on the closing sales price of $5.91 on the New York Stock Exchange on March 9, 2020.

Documents Incorporated by Reference

Portions of the registrant's Definitive Proxy Statement relating to its 2020 Annual Meeting of Stockholders are incorporated by reference into Part III of this report. The registrant expects to file its Definitive Proxy Statement with the Securities and Exchange Commission within 120 days after December 31, 2019.

FARMLAND PARTNERS INC.

FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

We make statements in this Annual Report on Form 10-K that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)). These forward-looking statements include, without limitation, statements concerning projections, predictions, expectations, estimates, or forecasts as to our business, financial and operational results, future economic performance, crop yields and prices, future rental rates for our properties and the outcomes of ongoing litigation, as well as statements of management’s goals and objectives and other similar expressions concerning matters that are not historical facts. When we use the words “may,” “should,” “could,” “would,” “predicts,” “potential,” “continue,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates” or similar expressions or their negatives, as well as statements in future tense, we intend to identify forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, beliefs and expectations, such forward-looking statements are not predictions of future events or guarantees of future performance and our actual results could differ materially from those set forth in the forward-looking statements. Some factors that might cause such a difference include the following: general volatility of the capital markets and the market price of our common stock, changes in our business strategy, availability, terms and deployment of capital, our ability to refinance existing indebtedness at or prior to maturity on favorable terms, or at all, availability of qualified personnel, changes in our industry, interest rates or the general economy, the degree and nature of our competition, our ability to identify new acquisitions and close on pending acquisitions, and the other factors described in the risk factors included in Item 1A herein and in other documents that we file from time to time with the Securities and Exchange Commission (the “SEC”). Given these uncertainties contained or reflected in forward-looking statements, undue reliance should not be placed on such statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions, or changes in other factors affecting forward-looking information, except to the extent required by law.

PART I

Item 1. Business

Our Company

References to “we,” “our,” “us” and “our company” refer to Farmland Partners Inc., a Maryland corporation, together with our consolidated subsidiaries, including Farmland Partners Operating Partnership, L.P., a Delaware limited partnership (the “Operating Partnership”), of which we are the sole member of the sole general partner.

We are the largest public farmland real estate investment trust in the nation, with a portfolio spanning approximately 158,500 acres across 17 states. Our company is currently diversified across more than 100 tenant farmers who grow more than 26 major commercial crops. As of the date of this Annual Report on Form 10-K, approximately 70% of our farmland portfolio (by value) is used to grow primary crops, such as corn, soybeans, wheat, rice and cotton, and the remaining 30% is used to grow specialty crops, such as almonds, citrus, blueberries, vegetables and edible beans. We believe our portfolio gives investors exposure to the increasing global food demand trend in the face of growing scarcity of high quality farmland and reflects the approximate breakdown of U.S. agricultural output between primary crops and animal protein (whose production relies principally on primary crops as feed), on one hand, and specialty crops, on the other.

In addition, under the FPI Loan Program, we make loans to third-party farmers (both tenant and non-tenant) to provide financing for working capital requirements and operational farming activities, farming infrastructure projects, and for other farming and agricultural real estate related purposes.

All of our assets are held by, and our operations are primarily conducted through, the Operating Partnership and its wholly owned subsidiaries. As of the date of this Annual Report on Form 10-K, we own 94.0% of the Class A Common units of limited partnership interest in the Operating Partnership (“Common units”) and none of the Series A preferred units of limited partnership interest in the Operating Partnership (“Series A preferred units”) or shares of our 6.00% Series B Participating Preferred Stock (the “Series B Participating Preferred Stock”). Unlike holders of our common stock, holders of Common units, Series A preferred units, and Series B Participating Preferred Stock, generally do not have voting rights or the power to direct our affairs. See Note 9 to our consolidated financial statements for additional information regarding the Series A preferred units and our Series B Participating Preferred Stock.

In addition to farmland, we own the improvements on our farms, such as irrigation, drainage and grain storage facilities. We also may acquire properties related to farming, such as grain storage facilities, grain elevators, feedlots, processing plants and distribution centers, as well as livestock farms or ranches. In 2019 we had lease options on nineteen of our farms for solar and wind production. In addition, during 2019, we engaged directly in farming through FPI Agribusiness Inc., our taxable REIT subsidiary (the “TRS” or “FPI Agribusiness”), whereby we operate a small number of acres (approximately 1,857 acres during 2019) relying on custom farming contracts with local farm operators.

Our principal source of revenue is rent from tenants that conduct farming operations on our farmland. The majority of the leases in place as of the date of this Annual Report on Form 10-K have fixed annual rental payments. Some of our leases have a variable rent component based on the revenue generated by our farm-operator tenants. We believe that this mix of fixed and variable rents helps insulate us from the variability of farming operations and reduce our credit-risk exposure to farm-operator tenants, while generating attractive risk-adjusted returns and making us an attractive landlord in certain regions where variable leases are customary. However, we may be exposed to tenant credit risk and farming operation risks, particularly with respect to leases that do not require advance payment of at least 50% of the annual rent, leases for which the rent is based on a percentage of a tenant's farming revenues, and leases with terms greater than one year.

We elected and qualified to be taxed as a real estate investment trust (“REIT”), under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the “Code”), commencing with our short taxable year ended December 31, 2014.

Full Year 2019 and Recent Highlights

During 2019:

- Operating revenues decreased 4.5% from 2018 for a total of $53.6 million as compared to 2018 operating revenues of $56.1 million;
- Net operating income decreased 11.3% from 2018 for a total of $26.3 million as compared to 2018 net operating income of $29.7 million;
- Net income increased 5.8% from 2018 for a total of $14.9 million as compared to 2018 net income of $14.0 million;
- Adjusted Funds from Operations ("AFFO") decreased 51.3% from 2018 for a total of $4.4 million as compared to 2018 AFFO of $9.0 million;
- We completed two asset acquisitions for total gross consideration of $3.3 million;
- We completed four dispositions consisting of seven farms for total gross consideration of $34.1 million resulting in an aggregate gain on sale of $7.9 million;
- We repurchased approximately 3.5 million shares of our common stock at a weighted average price of $6.24 per share, or approximately $22.0 million in the aggregate; and
- We repurchased approximately 42,000 shares of our Series B Participating Preferred Stock at a weighted average price of $21.60 per share, or approximately $0.9 million in the aggregate.

For a definition of AFFO and a reconciliation of net income to AFFO, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Financial Measures."

Investment Focus

We seek to invest in farmland that will give our stockholders exposure to a well-diversified portfolio of high-quality U.S. farmland, while offering an attractive risk-adjusted combination of stable rental income generation and value appreciation. Our principal investment focus is on farmland located in agricultural markets throughout North America; however, we may seek to acquire farmland outside of North America in the future. We also may acquire properties related to farming, such as grain storage facilities, grain elevators, feedlots, cold storage facilities, processing plants and distribution centers, as well as livestock farms or ranches. In addition, under the FPI Loan Program, we may provide loans to farm operators secured by farmland, properties related to farming, crops (growing or stored), and/or agricultural equipment.

Crop Categories

Primary vs Specialty Crops

Farm crops generally can be divided into two principal categories: primary crops and specialty crops. Primary crops include, among others, corn, soybeans, wheat, rice and cotton. Specialty crops can be again divided into two categories: annual specialty crops (generally vegetables) and permanent specialty crops (fruits and nuts grown on trees, bushes or vines). Over the long term, we expect that our farmland portfolio will continue to be comprised of approximately 75% primary crop farmland and 25% specialty crop farmland by value, which we believe will give investors exposure to the increasing global food demand trend in the face of growing scarcity of high quality farmland and will reflect the approximate composition of U.S. agricultural output between primary crops and animal protein (whose production relies principally on primary crops as feed), on one hand, and specialty crops, on the other.

Annual and Permanent Crops

Our portfolio includes farms that produce both annual and permanent crops. Annual crops are planted every year whereas permanent crops, such as trees, bushes and vines, are planted and bear crops over multiple years. We believe

exposure to both annual and permanent crops is an attractive strategy and offers diversification benefits to our portfolio. Annual and permanent crops typically serve different end-markets and generally have uncorrelated pricing.

U.S. Farmland Property

We believe that the United States offers farmland investors exposure to financial benefits driven by the fundamentals of agricultural production and farmland appreciation without many of the risks that come with farmland investments in many other countries. In the United States, the farmland market is relatively liquid and there is virtually no land title risk. The United States has the largest, lowest-cost grain transportation infrastructure in the world, leaving more margin to the grain producer and landowner. Moreover, the United States is one of the largest domestic markets for commodity crops, which are typically priced in U.S. dollars. Lastly, we believe that in most major U.S. agricultural markets, multiple quality farm-operator tenants compete for farmland lease opportunities.

We may consider investing in farmland in other countries that, like the United States, offer virtually no land title risk, a sophisticated farm-operator tenant environment and attractive rental rates, such as Canada, Australia or New Zealand.

Leased Properties

Farming carries materially more operating risk than owning and leasing farmland, although such risk can be mitigated through crop insurance and other risk management tools. We expect to continue to lease a majority of our properties on a fixed-rent basis that does not depend on the success of the tenant's farming operations. Moreover, a majority of the leases in our portfolio provide that at least 50% (and often 100%) of the annual rent is due and payable in advance of each spring planting season, and we expect that a majority of the fixed-rent leases we enter into in the future will have a similar requirement, which reduces our credit-risk exposure in the event of operational issues with the farm-operator tenant. However, to the extent we enter into leases that do not require advance payment of 100% of the annual rent or have terms greater than one year, we may be subject to tenant credit risk and more susceptible to the risks associated with declines in the profitability of tenants' farming operations, and we take such risk into consideration when evaluating the potential return on a farm. We may use variable-rent leases, which depend in part on crop yields and prices, in regions where such arrangements are prevalent or when we expect that such arrangements will be more profitable to us on a risk-adjusted basis. We also may utilize hybrid lease arrangements that require a modest rent payment at lease inception and an additional rent payment based on a percentage of the revenue from the tenant's harvest for that year.

We expect to continue to lease the majority of our primary crop farmland and other farming related properties under leases that require the tenant to either pay or reimburse us for substantially all of the property's operating expenses, including maintenance, water usage and insurance. Consistent with industry practices, we expect that we will generally be responsible for plantings and associated improvements on our permanent crop farmland while our tenants will be responsible for all operating costs. Several of our leases provide for the reimbursement by the tenant of the property's real estate taxes that we pay in connection with the farms they rent from us. The rental payments we receive from the farm operators are the primary source of any distributions that we make to our stockholders.

We expect that over time rental income will increase. Most farmland in the areas where we own or intend to acquire land is leased under short-term leases (typically five years or less), and we plan to lease our properties under short-term leases when possible. By entering into short-term leases, we believe we will be in a position to increase our rental rates when the leases expire and are renewed or the land is re-leased, if prevailing rental rates have increased. However, we can provide no assurances that we will be able to increase our rental rates, or even maintain them at the same level, when the leases are renewed or the land is re-leased.

We believe quality farmland has a near-zero vacancy rate, and we believe that high-quality farmland in an area with a competitive tenant environment is generally leased and farmed each year. For leases that provide that a substantial portion of rental payments for a crop year are due in advance of the spring planting season, in the event of a tenant's failure to pay rent when due, we will seek to terminate the lease and rent the property to another tenant that could then plant and harvest a crop that year. As a result, we believe there is a reduced risk of vacancy on our properties when compared to most other types of commercial properties, such as office buildings or retail properties.

Tenants

We believe the areas where we own and intend to acquire farmland are characterized by a competitive farm-operator tenant environment, with multiple experienced farm operators seeking to expand their operations by leasing additional farmland.

Non-Farming Leases

In addition to leases entered into in connection with farming operations, we seek additional sources of income from our properties that are either incremental, such as wind easements and recreational leases, or are higher than farming rents, such as leases for solar power installations. While we do not believe that such other sources of income will constitute a significant percentage of our total revenues, they offer opportunities to enhance returns to stockholders at little or no cost to us.

Family-Owned Properties

According to the USDA, as of 2017, approximately 96% of farms in the United States were owned by families. We believe that many farm families and individuals may wish to simultaneously sell some of their property and lease it back, continuing their operation of such property under a leasing arrangement. Sellers in these sale-leaseback transactions can use the sale proceeds to repay existing indebtedness, for growth of their farming operations or in other business endeavors. Under some circumstances, these sale-leaseback transactions might be driven by estate planning reasons. We believe that the farmland that we acquire and do not simultaneously lease back to the seller can be leased at attractive rental rates to other farm operators.

As an alternative to selling their farmland to us in an all-cash transaction, we believe that many farm owners may be interested in selling their farmland to us in exchange for Partnership units in order to have an equity interest in our company and participate in any appreciation in value of our properties. By making such an exchange, these farm owners would become investors in a more diversified portfolio of agricultural real estate. Under certain circumstances, the exchange of real estate for Partnership units is a tax-deferred exchange under U.S. federal income tax laws. In addition, because we intend to make cash distributions quarterly or annually, Partnership unit holders would receive regular cash distributions. Finally, Partnership unit holders would have the flexibility to tender their Partnership units in the future for redemption by us for cash, or, at our election, shares of our common stock that they could then sell in the public market, thereby allowing these sellers to determine the timing of recognizing taxable gain. Because we expect the issuance of Partnership units in exchange for farmland generally will be driven by the desires of prospective sellers, we do not know how frequently we will issue Partnership units in exchange for farmland properties. However, we believe that using Partnership units as acquisition consideration can be a significant part of our property acquisition strategy.

Other Investments

In addition to farmland, we also may acquire properties related to farming, such as grain storage facilities, grain elevators, feedlots, cold storage facilities, processing plants and distribution centers, as well as livestock properties.

Underwriting Criteria and Due Diligence Process

Selecting the Property

We seek to acquire high quality farmland that offers an attractive risk-adjusted balance of current returns and appreciation potential. We believe our management team's deep understanding of agribusiness fundamentals and insight into factors affecting the value of farmland allow us to identify properties consistent with our investment criteria. We believe the following factors are important in the selection of farmland:

- *Soil Quality*—Soil quality is a fundamental determinant of farmland productivity and therefore of its value. In considering farmland for purchase, we take soil quality into consideration to determine whether the farmland is attractively priced. In general, we focus on farmland with average or better-than-average soil.

- *Water Availability*—Appropriate water availability is an essential input to farming and key consideration in determining the productivity and value of farmland. We seek to acquire farmland where water availability through precipitation and irrigation meets the agronomic needs of the crops expected to be grown. As part of our acquisition due diligence process, we evaluate properties for water availability and any associated ground or surface water rights. Where appropriate, we may also invest in irrigation infrastructure to improve the productivity of properties we own. Occasionally we may acquire farmland at prices that more than compensate us for any potential reduction in water availability, which, in the future may result in a shift to different crops or production systems.

- *Robust and Competitive Tenant Environment*—We focus primarily on farmland located in areas characterized by a robust and competitive tenant environment, with a relatively large population of experienced farm operators as potential tenants.

- *Market Access*—Due to the higher costs of road transportation, the location of primary crop farmland relative to points of demand (e.g., grain elevators, feedlots and ethanol plants) or access to low-cost transportation (e.g., river ports and rail loading facilities) determines the premium or discount in farm-gate commodity prices compared to the general market prices (also known as “basis”), and therefore is one of the factors that impacts its value. We focus on acquiring primary crop farmland in areas with substantial farming infrastructure and low transportation costs, including markets with access to river and rail transportation.

- *Climate*—Crops have particular climatic growing requirements. As such, we seek to acquire properties in regions with climates conducive to the expected crops. We believe that diversification within and across core farming regions and crop types provides significant annual and long-term risk mitigation to our investors.

We perform a due diligence review with respect to each potential property acquisition. The due diligence investigation includes both property-specific factors (e.g., soil types and fertility, water availability and rights, topographical characteristics and property taxes) and location-specific factors (e.g., climate, tenant availability and quality, and market access). As part of our due diligence process, we also perform a valuation of each target property and estimate expected lease rates.

Selecting Tenants

We intend to continue to focus primarily on farm properties located in areas with a robust and competitive environment of experienced tenants. In general, the tenant selection process focuses primarily on candidates' experience and reputation based upon background and reference checks of potential tenants, as well as their willingness and ability to pay competitive rental rates. We consider similar factors in analyzing sale-leaseback transactions. In geographic areas where we already own one or more properties, we may give our existing local tenants priority consideration, especially in exchange for sourcing a property acquisition opportunity. We often mitigate tenant credit risk by requiring a significant portion of a year's rent in advance of each planting season whenever possible, by requiring a tenant to adopt crop insurance, and/or by securing agricultural or statutory liens on growing crops. In addition, we monitor our existing tenants by periodically conducting site visits of the farms and meeting with the tenants to discuss their farming operations and the condition of the farms. However, in some circumstances, we may be exposed to tenant credit risk and may be subject to farming operation risks, such as adverse weather conditions and declines in commodity prices, particularly with respect to leases that do not require advance payment of 100% of the annual rent, variable-rent leases for which the rent is based on a percentage of a tenant's farming revenues and leases with terms greater than one year. See "Risk Factors—Risks Related to Our Business and Properties.” We do not intend to continuously monitor and evaluate tenant credit quality and may be subject to risks associated with our tenants' financial condition and liquidity position.

FPI Loan Program

We believe that our existing systems and personnel are well suited to source, diligence, close and manage loans under the FPI Loan Program at little or no additional cost to us. We believe that the business of making loans to farm operators secured by farmland, properties related to farmland, crops (growing or stored), and/or agricultural equipment is highly

complementary to, and synergistic with, our core business of investing in farmland. We generally find potential borrowers during the process of sourcing farm acquisitions. We conduct due diligence on loan collateral the same way we conduct due diligence on potential farm acquisitions, and we screen potential borrowers the same way we screen potential tenants. The FPI Loan Program offering gives us an increased visibility in the marketplace, thereby benefiting our core farmland investing business.

Seasonality

Because the leases for many of the properties in our portfolio require significant payments in advance of the spring planting season, we receive a significant portion of our fixed cash rental payments in the first calendar quarter of each year, although we recognize rental revenue from these leases on a pro rata basis over the non-cancellable term of the lease in accordance with GAAP. We receive a significant portion of our variable rental payments in the fourth calendar quarter of each year, following harvest, with only a portion of such payments being recognized ratably through the year in accordance with GAAP, in relation to crop insurance contracts entered into by our tenants. The highly seasonal nature of the agriculture industry causes seasonality in our business to some extent. Our financial performance should be evaluated on an annual basis, which eliminates quarterly performance variability due to crop share revenues, lease periods not matching fiscal years, and other similar factors that may cause our quarterly results to vary during the course of the year.

Our Properties

As of the date of this Annual Report on Form 10-K, we own approximately 158,500 total acres of farmland. During the year ended December 31, 2019, the Company completed two acquisitions in Illinois and Colorado, which were accounted for as asset acquisitions. Consideration totaled $3.3 million and was comprised of cash and reduction of notes receivable. Also during the year ended December 31, 2019, the Company completed four dispositions consisting of seven farms in Illinois, Michigan, Florida, and Arkansas. Cash receipts on these dispositions totaled $34.1 million with a total gain on sale of $7.9 million. See "Managements' Discussion and Analysis of Financial Condition and Results of Operations" for more information about our portfolio. The distribution of farms by regions is as follows:

Region	Total Acres
Corn Belt	43,903
Delta and South	27,871
High Plains	31,622
Southeast	43,498
West Coast	11,586
	158,480

Corn Belt includes farms located in Illinois, Michigan and eastern Nebraska. Delta and South includes farms located in Arkansas, Louisiana and Mississippi. High Plains includes farms located in Colorado, Kansas, western Nebraska, South Dakota and Texas. Southeast includes farms located in Alabama, Florida, Georgia, North Carolina, South Carolina, and Virginia. West Coast includes farms located in California.

As of the date of this Annual Report on Form 10-K, our portfolio has the following rents or rent estimates for 2020 by lease type or status. This table does not include additional rents from properties not yet put in service due to improvement projects, loan interest income from loans outstanding under the FPI Loan Program, and other revenues:

($ in thousands)

Lease Type or Status - as of the date of this Annual Report		2020 Rent	%
Leases in place with third parties			
Fixed rent [1]	$	32,381	72.8 %
Variable rent [2]		11,093	24.9 %
Leases being negotiated [3]		1,029	2.3 %
	$	44,503	100.0 %
Tenant Reimbursements		3,882	
	$	48,385	

(1) Includes the fixed rent portion of leases providing for fixed and variable rent components.
(2) Management estimate based on farms' historical productivity and regional crop price projections. We can provide no assurance that crop yields and prices will reach expected levels or that we will obtain the rents we anticipate.

(3) Management's estimate based on the current status of lease negotiations and the current leasing market environment for each farm. We can provide no assurance that the rents we obtain will reflect the current status of our lease negotiations or the current leasing market environment for each farm.

Tax Status

We elected and qualified to be taxed as a REIT for U.S. federal income tax purposes commencing with our short taxable year ended December 31, 2014. Our qualification as a REIT will depend upon our ability to meet, on a continuing basis, through actual investment and operating results, various complex requirements under the Code, relating to, among other things, the sources of our gross income, the composition and values of our assets, our distribution levels and the diversity of ownership of our capital stock. We believe that we are organized in conformity with the requirements for qualification as a REIT under the Code and that our intended manner of operation will enable us to meet the requirements for qualification and taxation as a REIT for U.S. federal income tax purposes.

As a REIT, we generally will not be subject to U.S. federal income tax on our taxable income that we distribute to our stockholders. Under the Code, REITs are subject to numerous organizational and operational requirements, including a requirement that they distribute on an annual basis at least 90% of their REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gains. If we fail to qualify for taxation as a REIT in any taxable year and do not qualify for certain statutory relief provisions, our income for that year will be subject to tax at regular corporate rates, and we would be disqualified from taxation as a REIT for the four taxable years following the year during which we ceased to qualify as a REIT. Even if we qualify as a REIT for U.S. federal income tax purposes, we may still be subject to state and local taxes on our income and assets and to U.S. federal income and excise taxes on our undistributed income. Additionally, any income earned by FPI Agribusiness Inc., our taxable REIT subsidiary, and any other taxable REIT subsidiaries that we form or acquire in the future will be fully subject to U.S. federal, state and local corporate income tax.

Insurance

Under the terms and conditions of the leases on our current properties, tenants are generally required, at their expense, to obtain and keep in full force during the term of the lease, liability and property damage insurance policies and to name us an additional insured party. These policies include liability coverage for bodily injury and property damage arising out of the ownership, use, occupancy or maintenance of the properties and all of their appurtenant areas. In addition to our tenants' insurance policies under which we will be an additional insured party, we also maintain comprehensive liability and casualty insurance covering all of our properties under a blanket insurance policy, which provides coverage to the extent there is insufficient coverage under our tenants' policies. The terms of leases that include variable rent payments generally require the tenant to carry crop insurance protecting against crop failures and crop price declines.

Regulation

Farming Regulations

The farmland that we own and intend to acquire is used for growing crops and is subject to the laws, ordinances and regulations of state, local and federal governments, including laws, ordinances and regulations involving land use and usage, water rights, treatment methods, disturbance, the environment and eminent domain.

Farmland is principally subject to environmental and agricultural laws, ordinances and regulations. Each governmental jurisdiction has its own distinct laws, ordinances and regulations governing the use of farmland. Many such laws, ordinances and regulations seek to regulate water usage and water runoff because water can be in limited supply, as is the case where certain of the properties in our portfolio are located.

All of the farms in our portfolio have sources of water, including expected precipitation, wells and/or surface water, that currently provide sufficient amounts of water necessary for the current farming operations at each location. However, should the need arise for additional water from wells and/or surface water sources, such permits and approvals may be difficult to obtain in areas with limited supply of available water. We believe that as of the date of this Annual Report on

Form 10-K our farms are in compliance with applicable state, county and federal environmental and agricultural regulations.

In addition to the regulation of water usage and water runoff, state, local and federal governments also seek to regulate the type, quantity and method of use of chemicals and materials for growing crops, including fertilizers, pesticides and nutrient rich materials. Such regulations could include restricting or preventing the use of such chemicals and materials near residential housing or near water sources. Further, some regulations have strictly forbidden or significantly limited the use of certain chemicals and materials.

As an owner of farmland, we may be liable or responsible for the actions or inactions of our tenants with respect to these laws, regulations and ordinances.

Real Estate Industry Regulation

Generally, the ownership and operation of real properties is subject to various laws, ordinances and regulations, including regulations relating to zoning, land use, water rights, wastewater, storm water runoff and lien sale rights and procedures. These laws, ordinances or regulations, such as the Comprehensive Environmental Response and Compensation Liability Act ("CERCLA") and its state analogs, or any changes to any such laws, ordinances or regulations, could result in or increase the potential liability for environmental conditions or circumstances existing, or created by tenants or others, on our properties. Laws related to upkeep, safety and taxation requirements may result in significant unanticipated expenditures, loss of our properties or other impairments to operations, any of which would adversely affect our cash flows from operating activities.

Environmental Matters

As an owner of real estate, we will be subject to various federal, state and local environmental laws, regulations and ordinances and also could be liable to third parties resulting from environmental contamination or noncompliance at our properties. Environmental laws often impose liability without regard to whether the owner or operator knew of or was responsible for the presence of the contaminants. The costs of any required investigation or cleanup of these substances could be substantial. The liability is generally not limited under such laws and could exceed the property's value and the aggregate assets of the liable party. The presence of contamination or the failure to remediate contamination at our properties also may expose us to third-party liability for personal injury or property damage or adversely affect our ability to lease the real property or to borrow using the real estate as collateral. These and other risks related to environmental matters are described in more detail in "Item 1A. Risk Factors."

Competition

Competition to our efforts to acquire farmland can come from many different entities. Individual farmers are the most active buyers of farmland. Institutional investors, investment funds, other farmland REITs, individual investors and others also compete for farmland acreage. Investment firms that we might compete directly against could include agricultural investment firms such as Westchester Agriculture Asset Management (a TIAA company), Hancock Agricultural Investment Group, International Farming Corporation, Ceres Partners, Gladstone Land Corp, and UBS Agrivest, LLC. These firms engage in the acquisition, asset management, valuation and disposition of farmland properties.

Employees

At March 9, 2020, we had 13 employees, 12 of which are full time. None of our employees are a member of a labor union.

Corporate Information

Our executive offices are located at 4600 South Syracuse Street, Suite 1450, Denver, Colorado 80237. Our telephone number at our executive offices is (720) 452-3100 and our corporate website is www.farmlandpartners.com. The

information on, or accessible through, our website is not incorporated into and does not constitute a part of this Annual Report on Form 10-K or any other report or document we file with or furnish to the SEC.

Available Information

We file our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports with the SEC. You may obtain copies of these documents by accessing the SEC's website at www.sec.gov. In addition, as soon as reasonably practicable after such materials are furnished to the SEC, we make copies of these documents available to the public free of charge through our website or by contacting our Secretary at the address set forth above under "—Corporate Information."

Our Corporate Governance Guidelines, Code of Business Conduct and Ethics, and the charters of our audit committee, compensation committee and nominating and corporate governance committee are all available in the Governance Documents section of the Corporate Information section of our website. The information accessible on our website is not incorporated in, nor should be considered a part of, this Annual Report on Form 10-K.

Financial Information

For required financial information related to our operations, please refer to our consolidated financial statements, including the notes thereto, included within this Annual Report on Form 10-K.

Item 1A. Risk Factors

Set forth below are the risks that we believe are material to our stockholders. You should carefully consider the following risks in evaluating our Company and our business. The occurrence of any of the following risks could materially adversely impact our financial condition, results of operations, cash flow, the market price of shares of our common stock and our ability to, among other things, satisfy our debt service obligations and to make distributions to our stockholders, which in turn could cause our stockholders to lose all or a part of their investment. Some statements in this report including statements in the following risk factors constitute forward-looking statements. Please refer to the section entitled "Special Note Regarding Forward-Looking Statements" at the beginning of this Annual Report on Form 10-K.

Risks Related to Our Business and Properties

Our business is dependent in part upon the profitability of our tenants' farming operations, and a sustained downturn in the profitability of their farming operations could have a material adverse effect on the amount of rent we can collect and, consequently, our cash flow and ability to make distributions to our stockholders.

We depend on our tenants to operate the farms we own in a manner that generates revenues sufficient to allow them to meet their obligations to us, including their obligations to pay rent and real estate taxes, maintain certain insurance coverage and maintain the properties generally. The ability of our tenants to fulfill their obligations under our leases depends, in part, upon the overall profitability of their farming operations, which could be adversely impacted by, among other things, adverse weather conditions, crop prices, crop disease, pests, and unfavorable or uncertain political, economic, business or regulatory conditions. We are susceptible to any decline in the profitability of our tenants' farming operations for our variable-rent leases, pursuant to which the amount of rent depends on crop yields and prices realized by our tenants, as well as for our leases with terms longer than one year. In addition, many farms are dependent on a limited number of key individuals whose injury or death may affect the successful operation of the farm. We can provide no assurances that, if a tenant defaults on its obligations to us under a lease, we will be able to lease or re-lease that farm on economically favorable terms in a timely manner, or at all. In addition, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment.

As a result, any downturn in the profitability of the farming operations of our tenants or a downturn in the farming industry as a whole could have a material adverse effect on our financial condition, results of operations, cash flow and ability to make distributions to our stockholders.

We have a substantial amount of indebtedness outstanding, which may expose us to the risk of default under our debt obligations, restrict our operations and our ability to grow our business and revenues and restrict our ability to pay distributions to our stockholders.

As of December 31, 2019, we had approximately $512.9 million of outstanding indebtedness, most of which is secured by mortgages on our farms. We intend to incur additional debt in connection with refinancings of existing indebtedness, future acquisitions or for other purposes and, if necessary, we may borrow funds to make distributions to our stockholders in order to qualify and maintain our qualification as a REIT for U.S. federal income tax purposes. We have $48.3 million of outstanding indebtedness that matures in June and July of 2020. As of the date of this Annual Report on Form 10-K, we have not secured a financing source to refinance this amount and we can provide no assurances that we will secure a financing source to refinance our near-term maturities. It may be necessary to refinance the debt through new debt or equity financings, which may not be available on acceptable terms or at all and which could be dilutive to our stockholders. In addition, we have sold farms in order to repay indebtedness in the past and may do so in the future. Such dispositions may come at inopportune times or on disadvantageous tems, which could result in losses.

In addition, our debt agreements include customary events of default, the occurrence of any of which, after any applicable cure period, would permit the lenders to, among other things, accelerate payment of all amounts outstanding under the loans and to exercise their remedies with respect to the collateral, including foreclosure and sale of the agricultural real estate securing the loans. Certain of our debt agreements also contain cross-default provisions that give the lender the right, in certain circumstances, to declare a default if we are in default under other loans. If we default on our debt coming due in 2020, it could cause the acceleration of a significant portion of our indebtedness as a result of these cross-default provisions If any one of these events were to occur, our financial condition, results of operations, cash flow and ability to pay distributions to our stockholders could be materially and adversely affected.

Mortgage debt obligations expose us to the possibility of foreclosure, which could result in the loss of our investment in a property or group of properties subject to mortgage debt.

As of December 31, 2019, we had approximately $512.9 million, of outstanding mortgage indebtedness excluding debt issuance costs, of which $48.3 million matures in June and July of 2020. We intend to finance future property acquisitions, in part, with mortgage indebtedness. Mortgage and other secured debt obligations increase our risk of property losses because defaults on indebtedness secured by properties may result in foreclosure actions initiated by lenders and ultimately our loss of the property securing any loans for which we are in default. Any foreclosure on a mortgaged property or group of properties could adversely affect the overall value of our portfolio of properties. For tax purposes, a foreclosure on any of our properties that is subject to a nonrecourse mortgage loan would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure, but would not receive any cash proceeds, which could hinder our ability to meet the REIT distribution requirements imposed by the Code.

Our debt financing agreements restrict our ability to engage in certain business activities, including our ability to incur additional indebtedness, make capital expenditures and make certain investments.

Our existing debt financing agreements contain, and other debt financing agreements we may enter into in the future may contain, customary negative covenants and other financial and operating covenants that, among other things:

- restrict our ability to incur additional indebtedness;
- restrict our ability to incur additional liens;
- restrict our ability to make certain investments (including certain capital expenditures);
- restrict our ability to merge with another company;
- restrict our ability to sell or dispose of assets;
- restrict our ability to make distributions to stockholders; and

require us to satisfy minimum financial coverage ratios, minimum tangible net worth requirements and maximum leverage ratios.

We are currently subject to, and may in the future be subject to, litigation or threatened litigation, which may divert management time and attention, require us to pay damages and expenses or restrict the operation of our business.

We are currently subject to, and may be subject in the future, to litigation or threatened litigation, including claims relating to the actions of our tenants, claims brought by shareholders, and otherwise in the ordinary course of business. In particular, we are subject to the risk of complaints by our tenants involving premises liability claims and alleged violations of landlord-tenant laws, which may give rise to litigation or governmental investigations, as well as claims and litigation relating to real estate rights or uses of our properties. We are also subject to shareholder litigation and subject to a risk of additional shareholder litigation in the future. Some of the pending and potential future claims against the company may result in significant defense costs and potentially significant judgments against us, some of which are not, may not be, or cannot be, insured against. Additionally, whether or not any dispute actually proceeds to litigation, we may be required to devote significant management time and attention to its successful resolution (through litigation, settlement or otherwise), which would detract from our management's ability to focus on our business. Any such resolution could involve the payment of damages or expenses by us, which may be significant, or involve our agreement with terms that restrict the operation of our business. We generally intend to vigorously defend ourselves; however, we cannot be certain of the ultimate outcomes of pending claims against the Company or of those claims that may arise in the future. Resolution of these types of matters against us may result in our having to pay significant fines, judgments, or settlements, which, if uninsured, or if the fines, judgments, and settlements exceed insured levels, could adversely impact our earnings and cash flows, thereby having an adverse effect on our financial condition, results of operations, cash flows and our ability to pay distributions on, and the per share trading price of, our common stock. Certain litigation or the resolution of certain litigation may affect the availability or cost of some of our insurance coverage and could expose us to increased risks that would be uninsured, and/or adversely impact our ability to attract officers and directors, which could adversely impact our results of operations, cash flows and our ability to pay distributions on, and the value of, our common and preferred stock. For more information about our ongoing legal proceedings, see Item 3, Legal Proceedings, included elsewhere in this Annual Report on Form 10-K.

Approximately 70% of our portfolio is comprised of properties used to grow primary crops such as corn, soybeans, wheat, rice and cotton, which subjects us to risks associated with primary row crops.

By value, approximately 70% of our portfolio is used for primary crops, such as corn, soybeans, wheat, rice and cotton. As a result, any development or situation that adversely affects the value of properties generally or the prices of corn, soybeans, wheat, rice or cotton could have a more significant adverse impact on us than if our portfolio had less exposure to primary crops, which could materially and adversely impact our financial condition, results of operations and ability to make distributions to our stockholders.

Investments in farmland used for permanent/specialty crops have a different risk profile than farmland used for annual row crops.

By value, approximately 30% of our portfolio is used for permanent crops, and, in the future, we may add to our investments in farmland used for permanent crops, as opposed to annual row crops. Permanent crops have plant structures (such as trees, vines or bushes) that produce yearly crops without being replanted. Examples include blueberries, oranges, apples, almonds and grapes. Permanent crops require more time and capital to plant and bear fruit and are more expensive to replace. If a farmer loses a permanent/specialty crop to drought, flooding, fire or disease, there generally would be significant time and capital needed to return the land to production because a tree or vine may take years to grow before bearing fruit.

Permanent crop plantings also reduce a farmer's ability to adapt to changing market conditions by changing crops. If demand for one type of permanent crop decreases, the permanent crop farmer cannot easily convert the farm to another type of crop because permanent crop farmland is dedicated to one crop during the lifespan of the trees or vines and therefore cannot easily be rotated to adapt to changing environmental or market conditions.

Our failure to continue to identify and consummate suitable acquisitions would significantly impede our growth and our ability to further diversify our portfolio by geography, crop type and tenant, which could materially and adversely affect our results of operations and cash available for distribution to our stockholders.

Our ability to expand through acquisitions is important to our business strategy and requires that we identify and consummate suitable acquisition or investment opportunities that meet our investment criteria and are compatible with our growth strategy. We compete for the acquisition of farmland and properties related to farming with many other entities engaged in agricultural and real estate investment activities, including individual and family operators of farming businesses, corporate agriculture companies, financial institutions, institutional pension funds, public REITS, other real estate companies, private equity funds and other private real estate investors. These competitors may prevent us from acquiring desirable properties or may cause an increase in the price we must pay for such properties. Our competitors may adopt transaction structures similar to ours, which would decrease our competitive advantage in offering flexible transaction terms. In addition, the number of entities and the amount of funds competing for suitable investment properties may increase, resulting in increased demand and increased prices paid for these properties. If we pay higher prices for properties, our profitability may decrease, and you may experience a lower return on your investment. Our failure to identify and consummate suitable acquisitions would significantly impede our growth, which would adversely affect our results of operations and cash available for distribution to our stockholders.

Failure to succeed in new markets may have adverse consequences.

We intend to continue to acquire properties across the U.S. and may from time to time evaluate potential international acquisitions. When we acquire properties located in new geographic areas in the U.S. or internationally, or properties primarily devoted to a crop or industry with which we are less familiar (such as certain specialty crops, energy production, dairy farms or hog farms), we may face risks associated with a lack of market knowledge or understanding of the local market, including the availability and identity of quality tenants, forging new business relationships in the area, developing an understanding of a crop or industry unfamiliar to us, and unfamiliarity with local or crop-specific government requirements and procedures. Furthermore, the negotiation of a potential expansion into new markets or industries may divert management time and other resources. As a result, we may have difficulties executing our business strategy in these new markets, which could have a negative impact on our results of operations and ability to make distributions to our stockholders.

We do not intend to continuously monitor and evaluate tenant credit quality and our financial performance may be subject to risks associated with our tenants' financial condition and liquidity position.

Certain of our leases do not require the full payment of rent in cash in advance of the planting season, which subjects us to credit risk exposure to our farm-operator tenants and the risks associated with farming operations, such as weather, commodity price fluctuations and other factors. We also are exposed to these risks with respect to leases for which the rent is based on a percentage of a tenant's farming revenues and leases with terms greater than one year. Because we do not intend to monitor and evaluate the credit risk exposure related to farm-operator tenants on an ongoing basis, we are subject to the risk that our tenants, particularly those that may depend on debt and leverage to finance their operations, could be susceptible to bankruptcy in the event that their cash flows are insufficient to satisfy their financial obligations, including meeting their obligations to us under their leases. As a result, we may not become aware of a tenant's financial distress until the tenant fails to make payments to us when due, which may significantly reduce the amount of time we have to evict the tenant and re-lease the farmland to a new tenant before the start of the spring planting season, and in the event of a tenant bankruptcy we may not be able to terminate the lease. If we are unable to re-lease the farmland on a timely basis, it could have a material adverse effect on our revenues.

Our short-term leases, albeit an industry standard, make us more susceptible to any decreases in prevailing market rental rates than would be the case if we entered into longer-term leases, which could have a material adverse effect on our results of operations and ability to make distributions to our stockholders.

Our leases with tenants engaged in farming operations have terms customary in the farming industry, ranging mostly from two to three years for row crops and one to seven years for permanent crops, with some permanent crop leases exceeding twenty years. We expect that most of the leases we enter into in the future will have two to seven-year terms.

As a result, we will be required to frequently re-lease our properties upon the expiration of our leases, which will make us more susceptible to declines in market rental rates than we would be if we were to enter into longer term leases. As a result, any decreases in the prevailing market rental rates in the geographic areas in which we own properties could have a material adverse effect on our results of operations and ability to make distributions to our stockholders.

We may be unable to collect balances due on our leases from any tenants in financial distress or bankruptcy, which could materially and adversely affect our financial condition, results of operations and cash flow.

We are subject to tenant credit risk. Our tenants, particularly those that may depend on debt and leverage, could be susceptible to defaults under their leases or bankruptcy in the event that their cash flows are insufficient to satisfy their financial obligations.Certain of our tenants have defaulted on their lease payments, and we have been forced to pursue alternative arrangements with those tenants in order to recover amounts due under the leases. In the future, we may be forced to enter into similar alternative arrangements or pursue litigation in order to collect payments from tenants who are unable make their lease payments as they come due. We can provide no assurances that we will be able to collect the full amount due under a particular lease if we are forced pursue alternative payment arrangements or litigation with any of our tenants.

If a bankrupt tenant rejects a lease with us, any claim we might have for breach of the lease, excluding a claim against collateral securing the lease, would be treated as a general unsecured claim. In the event of a tenant's default under its lease or its rejection of the lease in bankruptcy proceedings, we may be unable to locate a replacement tenant in a timely manner or on comparable or better terms. As a result, our financial condition, results of operations and ability to make distributions to our stockholders could be adversely affected.

We depend on external sources of capital that are outside of our control and may not be available to us on commercially reasonable terms or at all, which could limit our ability to, among other things, acquire additional properties, meet our capital and operating needs or make the cash distributions to our stockholders necessary to maintain our qualification as a REIT.

In order to maintain our qualification as a REIT, we are required under the Code to, among other things, distribute annually at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain. In addition, we will be subject to income tax at regular corporate rates to the extent that we distribute less than 100% of our REIT taxable income, including any net capital gains. Because of these distribution requirements, we may not be able to fund future capital needs, including acquisition opportunities and principal and interest payments on any outstanding debt, from operating cash flow. Consequently, we rely on third-party sources to fund our capital needs. We may not be able to obtain such financing on favorable terms, in the time period we desire, or at all. Any debt we incur will increase our leverage, expose us to the risk of default and may impose operating restrictions on us, and any additional equity we raise (including the issuance of Common or preferred units) could be dilutive to existing stockholders. Our access to third-party sources of capital depends, in part, on:

- general market conditions, including conditions that are out of our control, such as the U.S. Presidential election and the impact of health and safety concerns, such as the current coronavirus outbreak;
- the market's view of the quality of our assets;
- the market's perception of our growth potential;
- our debt levels;
- our current and expected future earnings;
- our cash flow and cash distributions; and
- the market price per share of our common stock and preferred stock.

If we cannot obtain capital from third-party sources, we may not be able to acquire properties when strategic opportunities exist, meet the capital and operating needs of our existing properties, satisfy our debt service obligations or make the cash distributions to our stockholders necessary to qualify and maintain our qualification as a REIT.

Illiquidity of real estate investments could significantly impede our ability to respond to adverse changes in the performance of our properties and harm our financial condition.

The real estate investments made, and to be made, by us may be difficult to sell quickly. As a result, our ability to promptly sell one or more properties in our portfolio in response to liquidity needs, changing economic, financial and investment conditions may be limited or we may have to sell properties at a loss. In addition, we seek to opportunistically dispose of properties when we are able to do so at an a price we consider attractive and/or recognize a gain on sale. Return of capital and realization of gains, if any, from an investment generally will occur upon disposition or refinancing of the underlying property. We have used dispositions of assets in the past in order to meet our liquidity requirements. If we are required to dispose of additional assets for liquidity purposes, we may be unable to realize our investment objectives by sale, other disposition or refinancing at attractive prices within any given period of time or may otherwise be unable to complete any exit strategy. Opportunities to dispose of assets at a gain may not be available to us, which would reduce our cash on hand for stock repurchases, distributions to stockholders, or for any other purpose. In particular, weakness in or even the lack of an established market for a property, changes in the financial condition or prospects of prospective purchasers, changes in national or international economic conditions and changes in laws, regulations or fiscal policies of jurisdictions in which the property is located, in each case may limit our ability to dispose of a property.

In addition, the Code imposes restrictions on a REIT's ability to dispose of properties that are not applicable to other types of real estate companies. In particular, the tax laws applicable to REITs effectively require that we hold our properties for investment, rather than primarily for sale in the ordinary course of business, which may cause us to forego or defer sales of properties that otherwise would be in our best interests. Moreover, if we acquire properties from C corporations (*i.e.*, corporations generally subject to full corporate-level tax) in certain non-taxable transactions, as was the case with our acquisition of the Hudye Farm in 2014, built-in gain recognized on the non-taxable disposition of such properties within 5 years of our acquisition will be subject to tax at the highest applicable U.S. federal corporate income tax rate. Therefore, we may not be able to vary our portfolio in response to economic or other conditions promptly or on favorable terms.

Some state laws prohibit or restrict the ownership of agricultural land by business entities, which could impede the growth of our portfolio and our ability to diversify geographically.

Certain states, including Iowa, North Dakota, South Dakota, Minnesota, Oklahoma, Wisconsin, Missouri and Kansas, in which a substantial amount of primary crop farmland is located, have laws that prohibit or restrict to varying degrees the ownership of agricultural land by corporations or business entities like us. As of December 31, 2019, we owned 1,959 acres of farmland in Kansas and 1,690 in South Dakota, and our ownership of those farms may be challenged under Kansas or South Dakota law, in which case we may be required to sell those farms at an unfavorable time and on unfavorable terms. Additional states may, in the future, pass similar or more restrictive laws, and we may not be legally permitted, or it may become overly burdensome or expensive, to acquire properties in these states, which could impede the growth of our portfolio and our ability to diversify geographically in states that might otherwise have attractive investment opportunities.

Our farms are subject to adverse weather conditions, seasonal variability, crop disease and other contaminants, which may affect our tenants' ability to pay rent and thereby have a material adverse effect on our results of operations, financial condition, and our ability to make distributions to stockholders.

Crops are vulnerable to adverse weather conditions, including windstorms, tornados, floods, drought and temperature extremes, which are common but difficult to predict. Unfavorable growing conditions can reduce both crop yield and quality. Seasonal factors, including supply and consumer demand, may also have an effect on the value of crops grown by our tenants. In extreme cases, entire harvests may be lost in some geographic areas.

In addition, crops are vulnerable to disease and pests. Damages to tenants' crops may vary in severity and effect, depending on the stage of production at the time of infection or infestation, the type of treatment applied and climatic conditions. The costs to control these infestations vary depending on the severity of the damage and the extent of the plantings affected. These infestations can increase the costs and decrease the revenues of our tenants. Tenants may also incur losses from product recalls, fines or litigation due to other contaminants that may cause food borne illness. It is

difficult to predict the occurrence or severity of such product recalls, fines or litigation as well as their impact upon our tenants.

We are particularly susceptible to adverse weather conditions (such as windstorms, tornados, floods, drought, hail and temperature extremes), transportation conditions (including navigation of the Mississippi River), crop disease, pests and other adverse growing conditions in California, Illinois, North Carolina, Colorado and Arkansas, which generate a significant portion of our revenues.

While many of our leases are on a fixed-rent basis that does not change based on the success of the farming operations, we also utilize variable-rent leases pursuant to which the amount of the rent depends on crop yields and prices in regions where such arrangements are prevalent. Adverse weather conditions, seasonal variability, crop disease, pests and contaminants could adversely affect the value of production on properties. This could impact our variable rent proceeds and our tenants' ability to continue to meet their obligations to us. This could have a material adverse effect on the value of our properties, our results of operations, financial condition, and our ability to make distributions to our stockholders.

For example, our tenants’ profitability and, to some degree, our variable rent revenue were negatively impacted by extreme weather events in 2018 and 2019. Specifically, hurricane Michael affected our pecan farms in Alabama and Georgia, and excess rainfall affected several row crop farms in the Corn Belt, Delta and South, and Southeast regions. Furthermore, a heat wave affected an avocado farm in California, with a negative impact on 2019 revenue.

The market prices of the crops that our tenants may produce on our agricultural properties have exhibited periods of volatility, which may affect our tenants' ability to pay rent and thereby have a material adverse effect on our results of operations and our ability to make distributions to stockholders.

The value of a crop is affected by many factors that can differ on a yearly basis. The unpredictability of weather and crop yields in the major crop production regions worldwide creates a significant risk of price volatility, which may either increase or decrease the value of the crops that our tenants produce each year. Other material factors adding to the volatility of crop prices are changes in government regulations and policy, fluctuations in global prosperity, fluctuations in foreign trade and export markets, and eruptions of military conflicts or civil unrest. Although rental payments under the majority of our leases typically are not based on the quality or profitability of our tenants' harvests, any of these factors could adversely affect our tenants' ability to meet their obligations to us and our ability to lease or re-lease properties on favorable terms, or at all, which could have a material adverse effect on the value of our properties, our results of operations and our ability to make distributions to our stockholders.

The impacts of trade disputes could adversely affect the profitability of our tenants’ farming operations, which could have a material adverse effect on our results of operations, financial condition, ability to make distributions to our stockholders and the value of our properties.

Recent trade disputes between the United States and its primary agricultural trade partners have negatively impacted the market prices of certain crops that our tenants grow on our properties. For example, China announced a 25% tariff on agricultural products including soybeans, corn, wheat and other agricultural products, which significantly reduced U.S. agricultural exports to China. Prior to the trade tensions, the U.S. exported 50% of its soybean crop, and 58% of those exports were to China, worth approximately U.S. $14 billion. In light of the trade disputes with the United States, China has been sourcing its agricultural products from other markets. The recently announced “Phase 1” trade deal with China may not lead to increased agricultural exports, and U.S. agricultural exports to China may never reach prior levels. A reduction in crop prices could adversely affect the profitability of our tenants and negatively impact their ability to make rental payments as they come due. If we are unable to recover the rental payments, our results of operations, financial condition and ability to make distributions to our stockholders could be materially and adversely effected. If we are required to remove a tenant, we may not be able to release the property at current rental rates or at all. Furthermore, prolonged trade disputes that lead to a continuation of depressed crop prices could materially and adversely affect the underlying value of our properties.

Adverse changes in government policies related to farming could affect the prices of crops and the profitability of farming operations, which could materially and adversely affect the value of our properties and our results of operations.

There are a number of government programs that directly or indirectly affect the profitability of farm operators. These include marketing, export, renewable fuel and insurance policies and programs. Significant changes to or the elimination of programs and policies could adversely affect crop prices and the profitability of farming operations, which could materially and adversely impact the value of our farms and our ability to lease them on favorable terms, or at all, which would have a material adverse effect on our results of operations.

If the U.S. Federal Reserve or other central banks embark on a substantial tightening of monetary policy in the future that causes real interest rates to rise substantially, it may cause land prices to decline if the rise in interest rates is not accompanied by rises in the general levels of inflation.

A substantial tightening of monetary policy by the U.S. Federal Reserve or other central banks would increase credit costs (through the resulting increase in interest rates) and decrease credit availability. This could hurt farm operators because higher real interest rates (which is defined as nominal interest rates minus the inflation rate) make it more difficult for farm operators to qualify for loans and increase their borrowing costs. Higher interest rates also tend to decrease U.S. and world economic growth, thus decreasing the demand for agricultural commodities.

All of these consequences could reduce farm income. If increases in real interest rates are not accompanied by higher levels of farm income and rents, this could lead to declines in agricultural land values and a reduction in our profitability, either of which would have a material adverse effect on our business or results of operations, financial condition, and ability to make distributions to our stockholders.

The loss of key management personnel, particularly Paul A. Pittman and Luca Fabbri, could have a material adverse effect on our ability to implement our business strategy and to achieve our investment objectives.

Our future success depends to a significant extent on the continued service and coordination of our senior management team, which is comprised of Paul A. Pittman, our Executive Chairman and Chief Executive Officer and Luca Fabbri, our Chief Financial Officer. We can provide no assurances that any of our key personnel will continue their employment with us. The loss of services of Messrs. Pittman and Fabbri could have a material adverse effect on our ability to implement our business strategy and to achieve our investment objectives.

Joint venture investments could be adversely affected by our lack of sole decision-making authority, our reliance on co-venturers' financial condition and disputes between us and our co-venturers.

In the future, we may co-invest with third parties through partnerships, joint ventures or other entities, acquiring noncontrolling interests in or sharing responsibility for developing properties and managing the affairs of a property, partnership, joint venture or other entity. With respect to any such arrangement or any similar arrangement that we may enter into in the future, we may not be in a position to exercise sole decision-making authority regarding the property, partnership, joint venture or other entity. Investments in partnerships, joint ventures or other entities may, under certain circumstances, involve risks not present where a third party is not involved, including the possibility that partners or co-venturers might become bankrupt or fail to fund their share of required capital contributions. Partners or co-venturers may have economic or other business interests or goals which are inconsistent with our business interests or goals and may be in a position to take actions contrary to our policies or objectives, and they may have competing interests in our markets that could create conflicts of interest. Such investments may also have the potential risk of impasses on decisions, such as a sale or financing, because neither we nor the partner(s) or co-venturer(s) would have full control over the partnership or joint venture. In addition, a sale or transfer by us to a third party of our interests in the joint venture may be subject to consent rights or rights of first refusal, in favor of our joint venture partners, which would in each case restrict our ability to dispose of our interest in the joint venture. Where we are a limited partner or non-managing member in any partnership or limited liability company, if such entity takes or expects to take actions that could jeopardize our status as a REIT or require us to pay tax, we may be forced to dispose of our interest in such entity. Disputes between us and partners or co-venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and directors from focusing their time and effort on our business. Consequently, actions by or disputes with partners or co-venturers

might result in subjecting properties owned by the partnership or joint venture to additional risk. In addition, we may in certain circumstances be liable for the actions of our third-party partners or co-venturers. Our joint ventures may be subject to debt and, during periods of volatile credit markets, the refinancing of such debt may require equity capital calls.

We will continue to incur costs as a result of being a public company.

As a public company, we expect to continue to incur significant legal, accounting, insurance, and other expenses that we did not incur as a private company, including costs associated with public company reporting requirements. The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. We expect compliance with these public reporting requirements and associated rules and regulations to increase expenses, particularly now that we are no longer an emerging growth company, although we are currently unable to estimate these costs with any degree of certainty.

We are required to have an independent auditor assess the effectiveness of our internal control over financial reporting.

As of December 31, 2019, we are no longer an emerging growth company under the Jumpstart Our Business Startups Act ("JOBS Act"), and management is required to have an independent auditor assess the effectiveness of our internal control over financial reporting, pursuant to Section 404 of the Sarbanes-Oxley Act. We cannot give any assurances that material weaknesses will not be identified in the future in connection with our compliance with the provisions of Section 404 of the Sarbanes-Oxley Act. In connection with our audit for the year ended December 31, 2019, our independent registered public accounting firm identified and communicated a material weakness related to the failure of management to timely comply with compensating controls with respect to the separation of duties in our accounting IT systems. The material weakness was primarily caused by the Company's limited staffing. A "material weakness" is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. We cannot give any assurances that the material weakness identified by our independent registered public accounting firm will be remediated on a timely basis or at all or that additional material weaknesses will not be identified in the future in connection with our compliance with the provisions of Section 404 of the Sarbanes-Oxley Act. The existence of the material weakness described above has precluded management and our independent auditors from being able to reach a conclusion that we maintained effective internal control over financial reporting. Our management may be required to devote significant time and expense to remediate this material weakness and any other material weaknesses that may be discovered in the future and may not be able to remediate such material weaknesses in a timely manner. The existence of any future material weakness in our internal control over financial reporting could also result in errors in our financial statements that could require us to restate our financial statements, cause us to fail to meet our reporting obligations, and cause investors to lose confidence in our reported financial information, any of which could lead to a decline in the per share trading price of our common stock.

Under the FPI Loan Program, we provide loans to third-party farmers, which exposes us to risks associated with being a lender, including the risk that borrowers default on their obligations to us, which could adversely affect our results of operations and financial condition.

Under the FPI Loan Program, we make loans to third-party farmers (both tenant and non-tenant) to provide financing for working capital requirements and operational farming activities, farming infrastructure projects, and for other farming and agricultural real estate related purposes. As of the date of this Annual Report on Form 10-K, we have made seven senior secured first-lien mortgage loans secured against farmland or farm related properties and one loan secured against crop to farmers totaling \$19.1 million, with \$4.8 million outstanding at December 31, 2019 (representing less than 0.01% of our total assets as of December 31, 2019), and we intend to make similar loans under the FPI Loan Program in the future. Payments on such loans depend on the profitable operation or management of the farmland or farmland-related property securing the loan or the maintenance of any equipment securing the loan. The success of the farmland or farm-related property may be affected by many factors outside the control of the borrower, including adverse weather conditions that prevent the planting of a crop or limit crop yields, declines in market prices for agricultural products (both domestically and internationally) and the impact of government regulations (including changes in price supports, subsidies and environmental regulations). In addition, many farms are dependent on a limited number of key individuals whose injury or death may significantly affect the successful operation of the farm. If the cash flow from a farming operation is diminished, the borrower's ability to repay the loan may be impaired. If a borrower defaults under a loan for which we are

the lender, we may attempt to foreclose on the collateral securing the loan, including by acquiring title to the subject property, crops, or equipment, to protect our investment. In response, the defaulting borrower may contest our enforcement of foreclosure or other available remedies, seek bankruptcy protection against our exercise of enforcement or other available remedies, or bring claims against us for lender liability. If a defaulting borrower seeks bankruptcy protection, the automatic stay provisions of the U.S. Bankruptcy Code would preclude us from enforcing foreclosure or other available remedies against the borrower unless relief is first obtained from the court with jurisdiction over the bankruptcy case. In addition, we may be subject to intercreditor agreements that delay, impact, govern or limit our ability to foreclose on a lien securing a loan or otherwise delay or limit our pursuit of our rights and remedies. Any such delay or limit on our ability to pursue our rights or remedies could adversely affect our business, results of operations and ability to make distributions to our stockholders. In the event of a foreclosure, we may assume direct ownership of the underlying farm. Even if we successfully foreclose on the collateral securing our mortgage loans, foreclosure-related costs, high loan-to-value ratios or declines in property values could prevent us from realizing the full amount of our mortgage loans, and we could be required to record a valuation allowance for such losses.

Liability for uninsured or underinsured losses could materially and adversely affect our financial condition and cash flow.

Our properties may be damaged by adverse weather conditions and natural disasters, such as earthquakes, floods and tornados. Our insurance may not be adequate to cover all damages or losses from these events, or we may view it as not economically prudent to purchase insurance for certain types of losses. Should an uninsured loss occur, we could lose our capital investment or anticipated profits and cash flows from one or more properties. If any such loss is insured, we may be required to pay a significant deductible on any claim for recovery of such a loss prior to our insurer being obligated to reimburse us for the loss, or the amount of the loss may exceed our coverage for the loss, which could have an adverse effect on our cash flow.

A cybersecurity incident and other technology disruptions could result in a violation of law or negatively impact our reputation and relationships with our tenants, any of which could have a material adverse effect on our results of operations and our financial condition.

Information and security risks have generally increased in recent years due to the rise in new technologies and the increased sophistication and activities of perpetrators of cyber-attacks. We use computers in substantially all aspects of our business operations, and we also use mobile devices and other online activities to connect with our employees and tenants. Such uses give rise to cybersecurity risks, including security breach, espionage, system disruption, theft and inadvertent release of information. We have in the past experienced cyberattacks on our computers and computer networks, and, while none to date have been material, we expect that additional cyberattacks will occur in the future. Our business involves the storage and transmission of numerous classes of sensitive and/or confidential information and intellectual property, including tenants', suppliers' and employees' personally identifiable information and financial and strategic information about us.

If we fail to assess and identify cybersecurity risks associated with our operations, we may become increasingly vulnerable to such risks. Even the most well protected information, networks, systems and facilities remain potentially vulnerable because the techniques used in such attempted security breaches evolve and generally are not recognized until launched against a target, and in some cases are designed not to be detected and, in fact, may not be detected. Accordingly, we and our suppliers may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures, and thus it is impossible for us and our suppliers to entirely mitigate this risk. Further, in the future we may be required to expend additional resources to continue to enhance information security measures and/or to investigate and remediate any information security vulnerabilities. We can provide no assurances that the measures we have implemented to prevent security breaches and cyber incidents will be effective in the event of a cyber-attack.

The theft, destruction, loss, misappropriation or release of sensitive and/or confidential information or intellectual property, or interference with our information technology systems or the technology systems of third-parties on which we rely, could result in business disruption, negative publicity, violation of privacy laws, loss of tenants, potential liability and competitive disadvantage, any of which could result in a material adverse effect on financial condition or results of operations.

Potential liability for environmental matters could materially and adversely affect our results of operations and financial condition.

We are subject to the risk of liabilities under federal, state and local environmental laws applicable to agricultural properties, including those related to wetlands, groundwater and water runoff. Some of these laws could subject us to:

- responsibility and liability for the cost of removal or remediation of hazardous substances released on our properties, generally without regard to our knowledge of or responsibility for the presence of the contaminants;
- liability for the costs of investigation, removal or remediation of hazardous substances or chemical releases at disposal facilities for persons who arrange for the disposal or treatment of these substances; and
- potential liability for claims by third parties for damages resulting from environmental contaminants.

Environmental site assessments were not conducted on all the farms in our portfolio and we do not expect to conduct environment site assessments on all farms we acquire in the future. Our costs of investigation, remediation or removal of hazardous substances may be substantial. In addition, the presence of hazardous substances on one of our properties, or the failure to properly remediate a contaminated property, could adversely affect our ability to sell or lease the property or to borrow using the property as collateral. We may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from the property. Additionally, we could become subject to new, stricter environmental regulations, which could diminish the utility of our properties and have a material adverse impact on our results of operations and financial condition.

We may be required to permit the owners of certain third-party access rights on our properties to enter and occupy parts of the properties, including owners of mineral rights and power generation and transportation infrastructure, which could materially and adversely impact the rental value of our properties.

Although we own the surface rights to our farms and expect to own the surface rights to properties that we acquire, other persons or entities may own third-party access rights on our properties based upon their ownership of certain minerals, power generation and transportation infrastructure or similar property rights. Some of these third-party access rights, such as those related to oil, water or natural gas may be located under the surfaces of these properties, while others, particularly those third-party access rights related to power generation and transportation infrastructure such as wind turbines or oil pipelines, may be located on or above the surfaces of these properties. For example, in connection with our acquisition of a group of farms in Colorado and Kansas, we granted the seller 50% of the mineral rights related to the farm. Currently there is no mineral development or significant power generation and transportation infrastructure on the farms in our portfolio other than on properties for which we own the rights, but we can provide no assurances that third parties will not assert claims for mineral rights, third-party access rights related to power generation and transportation infrastructure and other related property rights on the farms in our portfolio or that farmland that we acquire in the future will not be subject to these third-party access rights. To the extent that third parties have third-party rights on farmland that we currently own or acquire in the future, we expect that we would be required to permit third parties to enter our properties for the purpose of such activities as drilling and operating oil or gas wells, operating and maintaining oil pipelines and operating and maintaining wind turbines on the premises. We may also be required to set aside a reasonable portion of the surface area of our properties to accommodate these operations. The devotion of a portion of our properties to these operations would reduce the amount of the surface available for farming or farm-related uses. Such activities might also disrupt the productivity of the farmland or property related to farming or increase the risk of environmental liabilities, any of which could adversely impact the rents that we receive from leasing these properties.

Increases in mortgage rates or unavailability of mortgage debt may make it difficult for us to finance or refinance our debt, which could have a material adverse effect on our financial condition, results of operations, growth prospects and our ability to make distributions to stockholders.

If mortgage debt is unavailable to us at reasonable rates or at all, we may not be able to finance the purchase of additional properties or refinance existing debt when it becomes due. If interest rates are higher when we refinance our

debt, our income and cash flow could be reduced, which would reduce cash available for distribution to our stockholders and may hinder our ability to raise more capital by issuing more stock or by borrowing more money.

Changes to the base rate on our floating rate indebtedness could increase our borrowing costs.

As of December 31, 2019, $181.2 million of our outstanding indebtedness bears interest at floating rates based on the London interbank offered rate (“LIBOR”) and has maturity dates beyond December 31, 2021. In July 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced that it will stop compelling banks to submit rates for the calculation of LIBOR after 2021. It is not possible to predict the effect of these changes, other reforms or the establishment of alternative reference rates. The discontinuation or modification of LIBOR could result in interest rate increases on our debt, which could adversely affect our cash flow, operating results and ability to make distributions to our stockholders at expected levels or at all.

Risks Related to Our Organizational Structure

We may be subject to unknown or contingent liabilities related to acquired properties and properties that we may acquire in the future, which could have a material adverse effect on us.

Properties that we have acquired, and properties that we may acquire in the future, may be subject to unknown or contingent liabilities for which we may have no recourse, or only limited recourse, against the sellers. In general, the representations and warranties provided under the transaction agreements related to the purchase of properties that we acquire may not survive the completion of the transactions. Furthermore, indemnification under such agreements may be limited and subject to various materiality thresholds, a significant deductible or an aggregate cap on losses. As a result, there is no guarantee that we will recover any amounts with respect to losses due to breaches by the sellers of their representations and warranties. In addition, the total amount of costs and expenses that may be incurred with respect to liabilities associated with these properties may exceed our expectations, and we may experience other unanticipated adverse effects, all of which may materially and adversely affect us.

Conflicts of interest may exist or could arise in the future between the interests of our stockholders and the interests of holders of units in our operating partnership, which may impede business decisions that could benefit our stockholders.

Although holders of our Common units do not have voting rights or the power to direct the Company’s affairs, there could be potential conflicts, conflicts of interest may exist or could arise in the future as a result of the relationships between us and our affiliates, on the one hand, and our operating partnership or any partner thereof.

Our directors and officers have duties to our company under Maryland law in connection with their management of our company. At the same time, our wholly owned subsidiary, Farmland Partners OP GP, LLC, as the general partner of our operating partnership, has fiduciary duties and obligations to our operating partnership and its limited partners under Delaware law and the partnership agreement in connection with the management of our operating partnership. The general partner's fiduciary duties and obligations as the general partner of our operating partnership may come into conflict with the duties of our directors and officers to our company. These conflicts of interest could lead to decisions that are not in the best interests of the Company and its stockholders.

Unless otherwise provided for in a partnership agreement, Delaware law generally requires a general partner of a Delaware limited partnership to adhere to fiduciary duty standards under which it owes its limited partners the highest duties of good faith, fairness and loyalty and which generally prohibit such general partner from taking any action or engaging in any transaction as to which it has a conflict of interest. The partnership agreement provides that, in the event of a conflict between the interests of the limited partners of our operating partnership, on the one hand, and the separate interests of our stockholders, on the other hand, the general partner, in its capacity as the general partner of our operating partnership, shall act in the interests of our stockholders and is under no obligation to consider the separate interests of the limited partners of our operating partnership in deciding whether to cause our operating partnership to take or not to take any actions. The partnership agreement further provides that any decisions or actions not taken by the general partner in accordance with the partnership agreement will not violate any duties, including the duty of loyalty, that the general partner, in its capacity as the general partner of our operating partnership, owes to our operating partnership and its partners.

Additionally, the partnership agreement provides that the general partner will not be liable to our operating partnership or any partner for monetary damages for losses sustained, liabilities incurred or benefits not derived by our operating partnership or any limited partner unless the general partner acted in bad faith and the act or omission was material to the matter giving rise to the loss, liability or benefit not derived. Our operating partnership must indemnify the general partner, us, our directors and officers, officers of our operating partnership and others designated by the general partner from and against any and all claims that relate to the operations of our operating partnership, unless (1) an act or omission of the indemnified person was material to the matter giving rise to the action and either was committed in bad faith or was the result of active and deliberate dishonesty, (2) the indemnified person actually received an improper personal benefit in money, property or services or (3) in the case of a criminal proceeding, the indemnified person had reasonable cause to believe that the act or omission was unlawful. Our operating partnership must also pay or reimburse the reasonable expenses of any such person upon its receipt of a written affirmation of the person's good faith belief that the standard of conduct necessary for indemnification has been met and a written undertaking to repay any amounts paid or advanced if it is ultimately determined that the person did not meet the standard of conduct for indemnification. Our operating partnership will not indemnify or advance funds to any person with respect to any action initiated by the person seeking indemnification without our approval (except for any proceeding brought to enforce such person's right to indemnification under the partnership agreement) or if the person is found to be liable to our operating partnership on any portion of any claim in the action. No reported decision of a Delaware appellate court has interpreted provisions similar to the provisions of the partnership agreement that modify and reduce our fiduciary duties or obligations as the sole member of the general partner or reduce or eliminate our liability for money damages to our operating partnership and its partners, and we have not obtained an opinion of counsel as to the enforceability of the provisions set forth in the partnership agreement that purport to modify or reduce the fiduciary duties that would be in effect were it not for the partnership agreement.

Our charter contains certain provisions restricting the ownership and transfer of our stock that may delay, defer or prevent a change of control transaction that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interests.

Our charter contains certain ownership limits with respect to our stock. Our charter, among other restrictions, prohibits the beneficial or constructive ownership by any person of more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our stock, excluding any shares that are not treated as outstanding for U.S. federal income tax purposes. Our Board of Directors, in its sole and absolute discretion, may exempt a person, prospectively or retroactively, from this ownership limit if certain conditions are satisfied. This ownership limit as well as other restrictions on ownership and transfer of our stock in our charter may:

- discourage a tender offer or other transactions or a change in management or of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interests; and
- result in the transfer of shares acquired in excess of the restrictions to a trust for the benefit of a charitable beneficiary and, as a result, the forfeiture by the acquirer of certain of the benefits of owning the additional shares.

We could increase the number of authorized shares of stock, classify and reclassify unissued stock and issue stock without stockholder approval, which may delay, defer or prevent a transaction that our stockholders believe to be in their best interests.

Our Board of Directors, without stockholder approval, has the power under our charter to amend our charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we are authorized to issue. In addition, under our charter, our Board of Directors, without stockholder approval, has the power to authorize us to issue authorized but unissued shares of our common stock or preferred stock and to classify or reclassify any unissued shares of our common stock or preferred stock into one or more classes or series of stock and set the preference, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications or terms or conditions of redemption for such newly classified or reclassified shares. As a result, we may issue series or classes of common stock or preferred stock with preferences, dividends, powers and rights, voting or otherwise, that are senior to, or otherwise conflict with, the rights of holders of our common stock. Although our Board of Directors has no such intention at the present time, it could establish a class or series of preferred stock that could, depending on the terms of such series, delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interests.

Certain provisions of Maryland law could inhibit changes in control, which may discourage third parties from conducting a tender offer or seeking other change of control transactions that could involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interests.

Certain provisions of the Maryland General Corporation Law, or the MGCL, may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change of control under certain circumstances that otherwise could provide the holders of shares of our common stock with the opportunity to realize a premium over the then-prevailing market price of such shares, including:

- "business combination" provisions that, subject to limitations, prohibit certain business combinations between us and an "interested stockholder" (defined generally as any person who beneficially owns 10% or more of the voting power of our outstanding voting stock or any affiliate or associate of ours who, at any time within the two-year period immediately prior to the date in question, was the beneficial owner of 10% or more of the voting power of our then outstanding stock) or an affiliate thereof for five years after the most recent date on which the stockholder becomes an interested stockholder and thereafter impose fair price and/or supermajority voting requirements on these combinations; and
- "control share" provisions that provide that "control shares" of our company (defined as shares which, when aggregated with other shares controlled by the stockholder, except solely by virtue of a revocable proxy, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of ownership or control of issued and outstanding "control shares") have no voting rights with respect to their control shares except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

By resolution of our Board of Directors, we have opted out of the business combination provisions of the MGCL and provided that any business combination between us and any other person is exempt from the business combination provisions of the MGCL, provided that the business combination is first approved by our Board of Directors (including a majority of directors who are not affiliates or associates of such persons). In addition, pursuant to a provision in our bylaws, we have opted out of the control share provisions of the MGCL. However, our Board of Directors may by resolution elect to opt in to the business combination provisions of the MGCL and we may, by amendment to our bylaws, opt in to the control share provisions of the MGCL in the future.

Additionally, certain provisions of the MGCL permit our Board of Directors, without stockholder approval and regardless of what is currently provided in our charter or our bylaws, to implement takeover defenses, some of which (for example, a classified board) we do not currently employ. These provisions may have the effect of inhibiting a third party from making an acquisition proposal for our company or of delaying, deferring, or preventing a change in control of our company under circumstances that otherwise could provide the holders of our common stock with the opportunity to realize a premium over the then-current market price. Our charter contains a provision whereby we elect to be subject to the provisions of Title 3, Subtitle 8 of the MGCL relating to the filling of vacancies on our Board of Directors.

Our charter, our bylaws and Maryland law also contain other provisions, including the provisions of our charter on removal of directors and the advance notice provisions of our bylaws, that may delay, defer, or prevent a transaction or a change of control that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders.

Certain provisions in the partnership agreement may delay or prevent unsolicited acquisitions of us.

Provisions in the partnership agreement may delay, or make more difficult, unsolicited acquisitions of us or changes of our control. These provisions could discourage third parties from making proposals involving an unsolicited acquisition of us or change of our control, although some of our stockholders might consider such proposals, if made, desirable. These provisions include, among others:

- redemption rights;

- a requirement that the general partner may not be removed as the general partner of our operating partnership without our consent;
- transfer restrictions on Common units;
- our ability, as general partner, in some cases, to amend the partnership agreement and to cause our operating partnership to issue units with terms that could delay, defer or prevent a merger or other change of control of us or our operating partnership without the consent of the limited partners; and
- the right of the limited partners to consent to direct or indirect transfers of the general partnership interest, including as a result of a merger or a sale of all or substantially all of our assets, in the event that such transfer requires approval by our common stockholders.

Our Board of Directors may change our strategies, policies and procedures without stockholder approval.

Our investment, financing, leverage and distribution policies, and our policies with respect to all other activities, including growth, capitalization and operations, are determined exclusively by our Board of Directors, and may be amended or revised at any time by our Board of Directors without notice to or a vote of our stockholders. This could result in us conducting operational matters, making investments or pursuing different business or growth strategies than those contemplated in this Annual Report on Form 10-K. Further, our charter and bylaws do not limit the amount or percentage of indebtedness, funded or otherwise, that we may incur. Our Board of Directors may alter or eliminate our current policy on borrowing at any time without stockholder approval. If this policy changed, we could become more highly leveraged which could result in an increase in our debt service. Higher leverage also increases the risk of default on our obligations. In addition, a change in our investment policies, including the manner in which we allocate our resources across our portfolio or the types of assets in which we seek to invest, may increase our exposure to interest rate risk, real estate market fluctuations and liquidity risk. Changes to our policies with regards to the foregoing could materially adversely affect our financial condition, results of operations and cash flow.

Our rights and the rights of our stockholders to take action against our directors and officers are limited, which could limit your recourse in the event that we take certain actions which are not in our stockholders' best interests.

Maryland law provides that a director or officer has no liability in that capacity if he or she performs his or her duties in good faith, in a manner that he or she reasonably believes to be in our best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. Under the MGCL, directors are presumed to have acted with this standard of care. As permitted by Maryland law, our charter eliminates the liability of our directors and officers to us and our stockholders for money damages, except for liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or
- active and deliberate dishonesty by the director or officer that was established by a final judgment as being material to the cause of action adjudicated.

Our charter and bylaws obligate us to indemnify each present and former director or officer, to the maximum extent permitted by Maryland law, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service to us. In addition, we may be obligated to advance the defense costs incurred by our directors and officers. We also have entered into indemnification agreements with our officers and directors granting them express indemnification rights. As a result, we and our stockholders may have more limited rights against our directors and officers than might otherwise exist absent the current provisions in our charter, bylaws and indemnification agreements or that might exist for other public companies.

Our charter contains provisions that make removal of our directors difficult, which could make it difficult for our stockholders to effect changes to our management.

Our charter contains provisions that make removal of our directors difficult, which could make it difficult for our stockholders to effect changes to our senior management and may prevent a change in control of our company that is in the best interests of our stockholders. Our charter provides that a director may only be removed for cause upon the affirmative vote of holders of two-thirds of all the votes entitled to be cast generally in the election of directors. Vacancies may be filled only by a majority of the remaining directors in office, even if less than a quorum. These requirements make

it more difficult to change our senior management by removing and replacing directors and may prevent a change in control of our company that is in the best interests of our stockholders.

Our operating partnership may issue additional Common units or one or more classes of preferred units to third parties without the consent of our stockholders, which would reduce our ownership percentage in our operating partnership and could have a dilutive effect on the amount of distributions made to us by our operating partnership and, therefore, the amount of distributions we can make to our stockholders.

As of the date of this Annual Report on Form 10-K, we owned approximately 94.0% of the outstanding Common units in our operating partnership (on a fully diluted basis). Since our initial public offering, we have issued a total of 8.0 million Common units and a total of 117,000 Series A preferred units as consideration in connection with our acquisition of properties, and we may issue additional Common units and Series A preferred units of one or more classes in connection with our acquisition of properties, as compensation or otherwise. Such issuances would reduce our ownership percentage in our operating partnership and could affect the amount of distributions made to us by our operating partnership and, therefore, the amount of distributions we can make to our stockholders. Our common stockholders do not have any voting rights with respect to any such issuances or other partnership level activities of our operating partnership.

Certain aspects of our Series A preferred units and Series B Participating Preferred Stock may limit our ability to make distributions to our common stockholders.

The distribution rates on our Series A preferred units and Series B Participating Preferred Stock are fixed, and no distributions can be paid to our common stockholders unless we have paid all cumulative dividends on our Series A preferred units and Series B Participating Preferred Stock. The distribution preference of our Series A preferred units and Series B Participating Preferred Stock could materially and adversely affect our cash flow and ability to make distributions to our common stockholders.

In addition to the fixed payments on our Series A preferred units and Series B Participating Preferred Stock, holders of our Series B Participating Preferred Stock may receive a Farmland Value Appreciation ("FVA") payment that represents the cumulative change from the 2018 estimated average value per acre of farmland in the 17 states in which we owned farmland as of June 30, 2018 weighted by the percentage of the total unaudited book value of our properties held in each of the 17 states as of June 30, 2019. The FVA payment may be realized by a holder of Series B Participating Preferred Stock only upon (i) the exercise of our optional redemption right or conversion right after September 30, 2021, (ii) any conversion or redemption in connection with a change in control or (iii) the liquidation, dissolution or winding up of the Company. Any of these events could occur during a time in which the FVA amount has substantially appreciated from its 2018 level, which may require a significant distribution from the Company to holders of Series B Participating Preferred Stock, and could materially and adversely affect our cash available to make distributions to our common stockholders. Further, in addition to the FVA amount if a redemption or liquidation occurs on or before September 30, 2021, we will be required to pay a premium amount that is calculated based on the FVA amount, which could further reduce our cash available to make distributions to our common stockholders.

U.S. Federal Income Tax Risks

Failure to maintain qualification as a REIT for U.S. federal income tax purposes would subject us to U.S. federal income tax on our taxable income at regular corporate rates, which would substantially reduce our ability to make distributions to our stockholders.

We elected to be taxed as a REIT for U.S. federal income tax purposes beginning with our short taxable year ended December 31, 2014. To maintain qualification as a REIT, we must meet various requirements set forth in the Code concerning, among other things, the ownership of our outstanding stock, the nature of our assets, the sources of our income and the amount of our distributions. The REIT qualification requirements are extremely complex, and interpretations of the U.S. federal income tax laws governing qualification as a REIT are limited. We believe that our current organization and method of operation will enable us to continue to qualify, as a REIT. However, at any time, new laws, interpretations or court decisions may change the U.S. federal tax laws relating to, or the U.S. federal income tax consequences of, qualification as a REIT. It is possible that future economic, market, legal, tax or other considerations may cause our Board

of Directors to determine that it is not in our best interest to qualify as a REIT and to revoke our REIT election, which it may do without stockholder approval.

If we fail to qualify as a REIT for any taxable year, we will be subject to U.S. federal income tax (including, for periods prior to 2018, any applicable alternative minimum tax) on our taxable income at regular corporate rates. In addition, we generally would be disqualified from treatment as a REIT for the four taxable years following the year in which we lost our REIT status. Losing our REIT status would reduce our net earnings available for investment or distribution because of the additional tax liability. In addition, distributions would no longer qualify for the dividends paid deduction, and we would no longer be required to make distributions. If this occurs, we might be required to borrow funds or liquidate some investments in order to pay the applicable tax.

As a result of all these factors, our failure to qualify as a REIT could impair our ability to expand our business and raise capital, and would substantially reduce our ability to make distributions to our stockholders.

To qualify as a REIT and to avoid the payment of U.S. federal income and excise taxes, we may be forced to borrow funds, use proceeds from the issuance of securities, pay taxable dividends of our stock or debt securities or sell assets to make distributions, which may result in our distributing amounts that may otherwise be used for our operations.

To obtain the favorable tax treatment accorded to REITs, we normally are required each year to distribute to our stockholders at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and by excluding net capital gains. We will be subject to U.S. federal income tax on our undistributed taxable income and net capital gain and to a 4% nondeductible excise tax on any amount by which distributions we pay with respect to any calendar year are less than the sum of (1) 85% of our ordinary income, (2) 95% of our capital gain net income and (3) 100% of our undistributed income from prior years. These requirements could cause us to distribute amounts that otherwise would be spent on acquisitions of properties and it is possible that we might be required to borrow funds, use proceeds from the issuance of securities, pay taxable dividends of our stock or debt securities or sell assets in order to distribute enough of our taxable income to maintain our qualification as a REIT and to avoid the payment of U.S. federal income and excise taxes.

Future sales of properties may result in penalty taxes or may be made through TRSs, each of which would diminish the return to you.

It is possible that one or more sales of our properties may be "prohibited transactions" under provisions of the Code. If we are deemed to have engaged in a "prohibited transaction" (*i.e.*, we sell a property held by us primarily for sale in the ordinary course of our trade or business), all income that we derive from such sale would be subject to a 100% tax. The Code sets forth a safe harbor for REITs that wish to sell property without risking the imposition of the 100% tax. A principal requirement of the safe harbor is that the REIT must hold the applicable property for not less than two years prior to its sale for the production of rental income. It is entirely possible that a future sale of one or more of our properties will not fall within the prohibited transaction safe harbor.

If we acquire a property that we anticipate will not fall within the safe harbor from the 100% penalty tax upon disposition, we may acquire such property through a TRS in order to avoid the possibility that the sale of such property will be a prohibited transaction and subject to the 100% penalty tax. If we already own such a property directly or indirectly through an entity other than a TRS, we may contribute the property to a TRS. Though a sale of such property by a TRS likely would mitigate the risk of incurring a 100% penalty tax, the TRS itself would be subject to regular corporate income tax at the U.S. federal level, and potentially at the state and local levels, on the gain recognized on the sale of the property as well as any income earned while the property is operated by the TRS. Such tax would diminish the amount of proceeds from the sale of such property ultimately distributable to our stockholders. Our ability to use TRSs in the foregoing manner is subject to limitation. Among other things, the value of our securities in TRSs may not exceed 20% of the value of our assets and dividends from our TRSs, when aggregated with all other non-real estate income with respect to any one year, generally may not exceed 25% of our gross income with respect to such year. No assurances can be provided that we would be able to successfully avoid the 100% penalty tax through the use of TRSs.

In addition, if we acquire any asset from a C corporation (*i.e.*, a corporation generally subject to full corporate-level tax) in a merger or other transaction in which we acquire a basis in the asset determined by reference either to the C corporation's basis in the asset or to another asset, we will pay tax, at the highest U.S. federal corporate income tax rate, on any built-in gain recognized on a taxable disposition of the asset during the 5-year period after its acquisition. As a result of the manner in which we acquired the Hudye Farm, a subsequent taxable disposition by us of any such assets generally would be subject to the foregoing built-in gain rules.

In certain circumstances, we may be subject to U.S. federal and state income taxes as a REIT, which would reduce our cash available for distribution to our stockholders.

Even if we qualify as a REIT, we may be subject to U.S. federal income taxes or state taxes. As discussed above, net income from a "prohibited transaction" will be subject to a 100% penalty tax and built-in gain recognized on the taxable disposition of assets acquired from C corporations in certain non-taxable transactions will be subject to tax at the highest applicable U.S. federal corporate income tax rate. To the extent we satisfy the distribution requirements applicable to REITs, but distribute less than 100% or our taxable income, we will be subject to U.S. federal income tax at regular corporate rates on our undistributed income. We may not be able to make sufficient distributions to avoid excise taxes applicable to REITs. We may also decide to retain capital gains we earn from the sale or other disposition of our properties and pay income tax directly on such income. In that event, our stockholders would be treated as if they earned that income and paid the tax on it directly. However, our stockholders that are tax-exempt, such as charities or qualified pension plans, would have no benefit from their deemed payment of such tax liability. We may also be subject to state and local taxes on our income or property, either directly or at the level of the companies through which we indirectly own our assets. Any U.S. federal or state taxes we pay will reduce our cash available for distribution to our stockholders.

The ability of our Board of Directors to revoke or otherwise terminate our REIT qualification without stockholder approval may cause adverse consequences to our stockholders.

Our charter provides that our Board of Directors may revoke or otherwise terminate our REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interest to continue to qualify as a REIT. If we cease to qualify as a REIT, we would become subject to U.S. federal income tax on our taxable income at regular corporate rates and would no longer be required to distribute most of our taxable income to our stockholders, which may have adverse consequences on our total return to our stockholders.

If our operating partnership were classified as a "publicly traded partnership" taxable as a corporation for U.S. federal income tax purposes, we would fail to qualify as a REIT and would suffer other adverse tax consequences.

We intend for our operating partnership to be treated as a "partnership" for U.S. federal income tax purposes. If the IRS were to successfully assert our operating partnership was “publicly traded,” our operating partnership could be taxable as a corporation if less than 90% of its gross income consisted of certain qualifying passive income. In such event, we likely would fail to qualify as a REIT for U.S. federal income tax purposes, and the resulting corporate income tax burden would reduce the amount of distributions that our operating partnership could make to us. This would substantially reduce the cash available to pay distributions to our stockholders.

Complying with the REIT requirements may cause us to forego otherwise attractive opportunities or sell properties earlier than we wish.

To maintain our qualification as a REIT for U.S. federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of shares of our stock. We may be required to make distributions to our stockholders at disadvantageous times or when we do not have funds readily available for distribution, or we may be required to forego or liquidate otherwise attractive investments in order to comply with the REIT tests. Thus, compliance with the REIT requirements may hinder our ability to operate solely on the basis of maximizing profits.

You may be restricted from acquiring or transferring certain amounts of our common stock or our Series B Participating Preferred Stock.

Certain provisions of the Code and the stock ownership limits in our charter may inhibit market activity in our capital stock and restrict our business combination opportunities. In order to maintain our qualification as a REIT, five or fewer individuals, as defined in the Code, may not own, beneficially or constructively, more than 50% in value of our issued and outstanding stock at any time during the last half of a taxable year. Attribution rules in the Code determine if any individual or entity beneficially or constructively owns our capital stock under this requirement. Additionally, at least 100 persons must beneficially own our capital stock during at least 335 days of a taxable year. To help insure that we meet these tests, our charter restricts the acquisition and ownership of shares of our stock.

Our charter, with certain exceptions, authorizes our Board of Directors to take such actions as are necessary and desirable to preserve our qualification as a REIT. Unless exempted by our Board of Directors, our charter prohibits any person from beneficially or constructively owning more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our capital stock. Our Board of Directors may not grant an exemption from these restrictions to any proposed transferee whose ownership in excess of such ownership limit would result in our failing to qualify as a REIT.

Dividends paid by REITs generally do not qualify for the favorable tax rates available for some dividends.

The maximum U.S. federal income tax rate applicable to qualified dividend income paid to U.S. stockholders that are individuals, trusts and estates currently is 20%. Dividends paid by REITs generally are not eligible for such reduced tax rate. Instead, our ordinary dividends generally are taxed at the higher tax rates applicable to ordinary income, the current maximum rate of which is 37%. Although the favorable tax rates applicable to qualified dividend income do not adversely affect the taxation of REITs or dividends paid by REITs, such favorable tax rates could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our common stock and Series B Participating Preferred Stock. However, for taxable years prior to 2026, individual stockholders are generally allowed to deduct 20% of the aggregate amount of ordinary dividends distributed by us, subject to certain limitations, which would reduce the maximum marginal effective federal income tax rate for individuals on the receipt of such ordinary dividends to 29.6%.

Changes to the U.S. federal income tax laws, including the enactment of certain tax reform measures, could have an adverse impact on our business and financial results.

In recent years, numerous legislative, judicial and administrative changes have been made to the U.S. federal income tax laws applicable to investments in real estate and REITs, including the passage of the Tax Cuts and Jobs Act of 2017, the full impact of which may not become evident for some period of time. There can be no assurance that future changes to the U.S. federal income tax laws or regulatory changes will not be proposed or enacted that could impact our business and financial results. The REIT rules are regularly under review by persons involved in the legislative process and by the Internal Revenue Service and the U.S. Treasury Department, which may result in revisions to regulations and interpretations in addition to statutory changes. If enacted, certain of such changes could have an adverse impact on our business and financial results.

We cannot predict whether, when or to what extent any new U.S. federal tax laws, regulations, interpretations or rulings will impact the real estate investment industry or REITs. Prospective investors are urged to consult their tax advisors regarding the effect of potential future changes to the federal tax laws on an investment in our shares.

Risks Related to the Market for Our Capital Stock

We may be unable to make distributions at expected levels, which could result in a decrease in the market price of our common stock.

We intend to continue to pay regular quarterly distributions to our stockholders. However, we significantly reduced the amount of distributions on our common stock beginning in the third quarter of 2018, and we may be required to reduce our distributions further in the future. All distributions will be made at the discretion of our Board of Directors and will be based upon, among other factors, our historical and projected results of operations, financial condition, cash flows and liquidity, maintenance of our REIT qualification and other tax considerations, capital expenditure and other expense obligations, debt covenants, contractual prohibitions or other limitations and applicable law and such other matters as our Board of Directors may deem relevant from time to time. If sufficient cash is not available for distribution from our operations, we may have to fund distributions from working capital, borrow to provide funds for such distributions, or reduce the amount of such distributions. To the extent we borrow to fund distributions, our future interest costs would increase, thereby reducing our earnings and cash available for distribution from what they otherwise would have been. If cash available for distribution generated by our assets is less than our current estimate, or if such cash available for distribution decreases in future periods from expected levels, our inability to make the expected distributions could result in a decrease in the market price of our common stock or Series B Participating Preferred Stock.

The market price and trading volume of our common stock and Series B Participating Preferred Stock may be highly volatile and low, respectively.

The stock markets, including the New York Stock Exchange (the “NYSE”), on which our common stock and our Series B Participating Preferred Stock is listed, historically have experienced significant price and volume fluctuations. As a result, the market price of our common stock and Series B Participating Preferred Stock is likely to be similarly volatile, and investors in our common stock and Series B Participating Preferred Stock may experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. The price of our common stock and Series B Participating Preferred Stock could be subject to wide fluctuations in response to a number of factors, including those listed in this "Risk Factors" section of this Annual Report on Form 10-K and others such as:

- actual or anticipated variations in our quarterly results of operations or dividends;
- changes in our funds from operations or earnings estimates;
- changes in government regulations or policies affecting our business or the farming business;
- publication of research reports about us or the real estate or farming industries;
- sustained decreases in agricultural commodity and crop prices;
- increases in market interest rates that lead purchasers of our common stock to demand a higher yield;
- increases in market interest rates that decrease demand for our Series B Participating Preferred Stock;
- changes in market valuations of similar companies;
- adverse market reaction to any additional debt we incur in the future;
- additions or departures of key management personnel;
- actions by institutional stockholders;
- speculation in the press or investment community;
- the realization of any of the other risk factors presented in this Annual Report on Form 10-K;
- the extent of investor interest in our securities;
- the general reputation of REITs and the attractiveness of our equity securities in comparison to other equity securities, including securities issued by other real estate-based companies;
- our underlying asset value;
- investor confidence in the stock and bond markets generally;
- changes in tax laws;
- future equity issuances;
- failure to meet earnings estimates;
- failure to meet and maintain REIT qualifications and requirements;
- low trading volume of our common stock or Series B Participating Preferred Stock; and

- general market and economic conditions, including conditions that are outside of our control, such as the upcoming U.S. Presidential election and the impact of public health and safety concerns, such as the current coronavirus outbreak.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in the price of their common stock. This type of litigation could result in substantial costs and divert our management's attention and resources, which could have a material adverse effect on us, including our financial condition, results of operations, cash flow and the per share trading price of our common stock.

Our common stock is subject to trading risks created by the spread of false information and manipulative trading.

Our common stock is widely traded and held by a diverse group of investors, including retail investors, and these investors are subject to the influence of information provided by third party investor websites and independent authors distributing information on the internet. This information is often widely distributed, in some cases anonymously, including through platforms that mainly serve as hosts seeking advertising revenue. These sites and internet distribution strategies create opportunities for individuals to pursue both "pump and dump" and "short and distort" strategies. We believe that many of these websites have little or no requirements for authors to have professional qualifications. While these sites sometimes require disclosure of stock positions by authors, as far as we are aware these sites do not audit the accuracy of such conflict of interest disclosures. In addition, we believe that many of these websites have few or lax editorial standards, and thin or non-existent editorial staffs. Despite our best efforts, we may not be able to obtain corrections to information provided on these websites about our Company, and any corrections that are obtained may not be achieved prior to the majority of audience impressions being formed for a given article. These conditions create volatility and risk for holders of our common stock and should be considered by investors. While we have sought to engage regulators to address activities that we believe are intentionally misleading, we can make no guarantees that regulatory authorities will take action on these types of activities, and we cannot guarantee that any action taken by regulators or legislators will timely address damage done by the activities of these websites and authors.

The number of shares of our common stock available for future issuance or sale may have adverse effects on the market price of our common stock.

As of December 31, 2019, approximately 30.0 million shares of our common stock were outstanding. In addition, as of the date of this Annual Report on Form 10-K, other than the Common units held by us, approximately 1.9 million Common units in our operating partnership were outstanding, 1.9 million of which currently may be tendered for redemption by the holders, for cash, or at our option, for shares of our common stock, on a one-for-one basis. We have registered the issuance of 1.9 million of the shares issuable upon redemption of Common units, and we intend to register the issuance of additional shares that may be issued upon redemption of Common units so that such shares will be freely tradable under the securities laws.

We cannot predict whether future issuances or sales of shares of our common stock or the availability of shares for resale in the open market will decrease the per share trading price per share of our common stock. The per share trading price of our common stock may decline significantly when we register the shares of our common stock issuable upon redemption of outstanding Common units.

Future offerings of debt, which would be senior to our common stock upon liquidation, our Series B Participating Preferred Stock and other preferred equity securities, which may be senior to our common stock for purposes of dividend distributions or upon liquidation, and Common units in connection with future acquisitions may materially adversely affect us, including the per share trading price of our common stock.

In the future, we may attempt to increase our capital resources by making additional offerings of debt or equity securities (or causing our operating partnership to issue debt securities), including medium-term notes, senior or subordinated notes and classes or series of preferred stock. Upon liquidation, holders of our debt securities and shares of preferred stock, including our Series B Participating Preferred Stock, and lenders with respect to other borrowings will be entitled to receive payments prior to distributions to the holders of our common stock. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those

of our common stock and may result in dilution to owners of our common stock. Holders of our common stock are not entitled to preemptive rights or other protections against dilution. Our Series B Participating Preferred Stock has a preference on liquidating distributions and a preference on dividend payments that could limit our ability to pay dividends to the holders of our common stock, as could any future series of preferred stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk that our future offerings could reduce the per share trading price of our common stock and dilute their interest in us. In addition, the issuance of Common units in connection with future acquisitions and the redemption of such Common units for common stock may be dilutive to our stockholders and could have an adverse effect on the per share trading price of our common stock.

Our Series B Participating Preferred Stock is subordinate to our existing and future debt and other liabilities, and could be diluted by the issuance of additional preferred stock and by other transactions.

Our Series B Participating Preferred Stock is subordinate to all of our existing and future debt. Our existing debt restricts, and our future debt may include restrictions on, our ability to pay dividends to preferred stockholders in the event of a default under the debt facilities. Additionally, the issuance of additional shares of preferred stock on parity with or senior to the Series B Participating Preferred Stock would dilute the interests of the holders of the Series B Participating Preferred Stock, and any issuance of shares of preferred stock senior to the Series B Participating Preferred Stock or of additional indebtedness could affect our ability to pay dividends on, redeem or pay the liquidation preference on our Series B Participating Preferred Stock.

None of the provisions relating to the Series B Participating Preferred Stock relate to or limit our indebtedness or afford the holders of the Series B Participating Preferred Stock protection in the event of a highly leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all of our assets or business, that might adversely affect the holders of the Series B Participating Preferred Stock.

An increase in market interest rates may have an adverse effect on the market price of our common stock or Series B Participating Preferred Stock

One of the factors that investors may consider in deciding whether to buy or sell our common stock or Series B Participating Preferred Stock is our distribution yield, which is our distribution rate as a percentage of the share price of our common stock or Series B Participating Preferred Stock, relative to market interest rates. If market interest rates increase, prospective investors may desire a higher distribution yield on our common stock or Series B Participating Preferred Stock or may seek securities paying higher dividends or interest. The market price of our common stock or Series B Participating Preferred Stock likely will be based primarily on the earnings that we derive from rental income with respect to our properties and our related distributions to stockholders, and not from the underlying appraised value of the properties themselves. As a result, interest rate fluctuations and capital market conditions are likely to affect the market price of our common stock and our Series B Participating Preferred Stock, and such effects could be significant. For instance, if interest rates rise without an increase in our distribution rate, the market price of our common stock or Series B Participating Preferred Stock could decrease because potential investors may require a higher distribution yield on our common stock or Series B Participating Preferred Stock as market rates on interest-bearing securities, such as bonds, rise.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The information set forth under the caption “Our Properties” in Item 1 of this Annual Report on Form 10-K is incorporated by reference herein.

Item 3. Legal Proceedings

On July 11, 2018, a purported class action lawsuit, captioned *Kachmar v. Farmland Partners, Inc.* (the *Kachmar* Action”), was filed in the United States District Court for the District of Colorado against the Company and certain of our officers by a purported Company stockholder. The complaint alleges, among other things, that our disclosure related to the FPI Loan Program was materially false and misleading in violation of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder. On August 17, 2018, a second purported class action, captioned *Mariconda v. Farmland Partners Inc.* (the “*Mariconda* Action”) was filed in the United States District Court for the District of Colorado, alleging substantially identical claims as the *Kachmar* Action. Several purported shareholders moved to consolidate the *Kachmar* Action and the *Mariconda* Action and for appointment as Lead Plaintiff. On November 13, 2018, the plaintiff in the *Kachmar* action voluntarily dismissed the *Kachmar* Action. On December 3, 2018, the court appointed two purported stockholders of the Company, the Turner Insurance Agency, Inc. and Cecilia Turner (the “Turners”), as lead plaintiffs in the *Mariconda* Action. On March 11, 2019, the court-appointed lead plaintiffs and additional plaintiff Obelisk Capital Management filed an amended complaint in the *Turner* Action. On April 15, 2019, the defendants moved to dismiss the amended complaint in the *Turner* Action. On June 18, 2019, the court denied the defendants’ motion to dismiss the amended complaint in the *Turner* Action. The defendants answered the amended complaint on July 2, 2019. On December 6, 2019, plaintiffs voluntarily dismissed Obelisk Capital Management from the case. In connection with Obelisk Capital Management’s dismissal from the case, defendants filed a motion for judgment on the pleadings on December 10, 2019, which automatically stayed discovery in the action pending the court’s determination of the motion. On December 16, 2019, plaintiffs filed a motion for class certification. On December 27, 2019, plaintiffs filed a motion for leave to file a second amended complaint. Defendants filed a response opposing the motion for leave to file a second amended complaint on January 17, 2020, and filed a motion to adjourn the class certification briefing schedule in light of the discovery stay on January 29, 2020. These motions remain pending and discovery remains stayed pending decision on defendants’ motion for judgment on the pleadings. At this time, no class has been certified in the *Turner* Action and we do not know the amount of damages or other remedies being sought by the plaintiffs. The Company can provide no assurances as to the outcome of this litigation or provide an estimate of related expenses at this time.

On December 18, 2018, a purported stockholder of the Company, Jack Winter, filed a complaint in the Circuit Court for Montgomery County, Maryland (the “*Winter* Action”), purporting to assert breach of fiduciary duty claims derivatively on the Company’s behalf against the Company’s directors and certain of the Company’s officers. The *Winter* Action alleges, among other things, that the Company’s directors and certain of the Company’s officers breached their fiduciary duties to the Company by allowing the Company to make allegedly false and misleading disclosures related to the FPI Loan Program, as alleged in the *Turner* Action. On April 26, 2019, Winter voluntarily dismissed his complaint in the Circuit Court for Montgomery County Maryland. On May 14, 2019, Winter re-filed his complaint in the United States District Court for the District of Colorado. The *Winter* Action has been stayed pending further proceedings in the *Turner* Action.

On November 25, 2019, another purported shareholder, Shawn Luger, filed a complaint derivatively on behalf of the Company and against certain of our officers in the Circuit Court for Baltimore City, Maryland (the “*Luger* Action”). The *Luger* Action complaint makes similar claims to those in the *Turner* and *Winter* Actions. The parties to the *Luger* Action stipulated to a stay of the case pending further proceedings in the *Turner* Action and filed a joint motion to stay on February 7, 2020.

On November 26, 2019, another purported shareholder, Anna Barber, filed a complaint derivatively on behalf of the Company and against certain of our officers in the United States District Court for the District of Colorado (the “*Barber* Action”). The *Barber* Action complaint makes similar claims to those in the *Turner*, *Winter*, and *Luger* Actions. The *Barber* Action has been stayed pending further proceedings in the *Turner* Action.

On February 14, 2020, another purported shareholder, Brent Hustedde, filed a complaint derivatively on behalf of the Company and against certain of our officers in Maryland state court (the “*Hustedde* Action”). The *Hustedde* Action complaint makes similar claims to those in the *Turner*, *Winter*, *Luger*, and *Barber* Actions. None of the defendants have yet been served in the *Hustedde* Action.

The Company believes that costs associated with the *Turner*, *Winter*, *Luger*, *Barber*, and *Hustedde* Actions in excess of $0.35 million will be covered by insurance.

On July 24, 2018, we filed a lawsuit in the District Court, Denver County, Colorado, against "Rota Fortunae" (a pseudonym) and numerous co-conspirators (collectively, "Wheel of Fortune") in response to an article posted on Seeking Alpha that makes numerous allegations about the Company that we believe to be false or materially misleading. We believe that as a consequence of Wheel of Fortune's internet posting and related postings on social media, the trading price of our common stock declined by approximately 40%. We believe that Wheel of Fortune's internet posting was made in connection with a "short and distort" scheme to profit from a decline in our stock price based on false and misleading information. The lawsuit that we filed alleges that Wheel of Fortune disseminated material false, misleading and defamatory information about us that has harmed us and our stockholders. The Company does not expect insurance proceeds to cover a substantial portion of the costs related to the lawsuit we filed against Wheel of Fortune. The case is currently in the discovery phase with numerous motions pending before the court.

Item 4. Mine Safety Disclosures

Not Applicable.

PART II

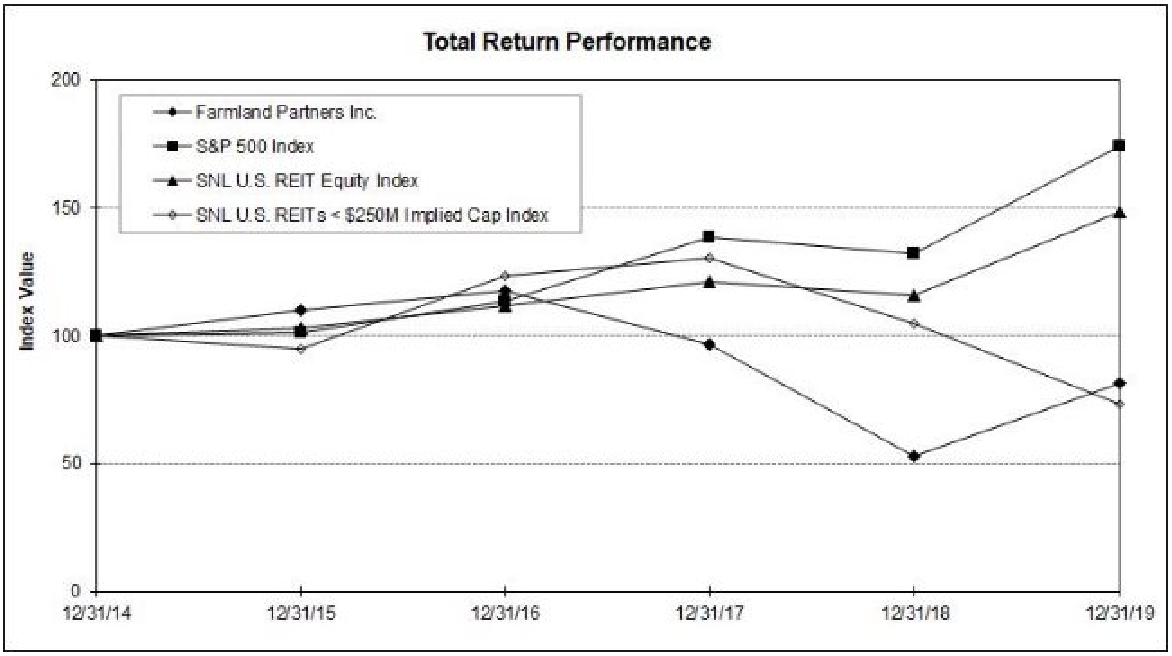
Item 5. Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock trades on the NYSE under the symbol "FPI." On December 31, 2019 and March 9, 2020, the closing price of our common stock as reported on the NYSE was $6.78 and $5.91, respectively.

Stock Performance Graph

The following graph compares the total stockholder return of our common stock (assuming reinvestment of dividends) against the cumulative returns of the Standard & Poor's Corporation Composite 500 Index and the SNL Financial REIT Index, or the SNLUS REITs for the period from April 16, 2014, the date of the initial listing of our common stock on the NYSE MKT to December 31, 2019. Our common stock began trading on the NYSE on September 8, 2015.



	Period Ending					
Index	**12/31/14**	**12/31/15**	**12/31/16**	**12/31/17**	**12/31/18**	**12/31/19**
Farmland Partners Inc.	100.00	110.24	117.39	96.41	52.91	81.39
S&P 500 Index	100.00	101.38	113.51	138.29	132.23	173.86
SNL U.S. REIT Equity Index	100.00	102.76	111.89	121.25	115.57	148.45
SNL U.S. REITs < $250M Implied Cap Index	100.00	94.87	123.64	130.12	104.49	73.27

Distribution Information

Since our initial quarter as a publicly traded REIT, we have made regular quarterly distributions to our stockholders. We intend to continue to declare quarterly distributions. However, beginning with the third quarter of 2018, we significantly reduced distribution amounts on our common stock, and we cannot provide any assurance as to the amount or timing of future distributions.

Our ability to make distributions in the future will depend upon our actual results of operations and earnings, economic conditions and other factors that could differ materially from our current expectations, including the impact of ongoing litigation. Our actual results of operations will be affected by a number of factors, including the revenue we receive from our properties, our operating expenses, interest expense, the ability of our tenants to meet their obligations and unanticipated expenditures. For more information regarding risk factors that could materially adversely affect our actual results of operations, see "Risk Factors." Any future distributions will be authorized by our Board of Directors in its sole discretion out of funds legally available therefor and will be dependent upon a number of factors, including restrictions under applicable law, the capital requirements of our company and the distribution requirements necessary to qualify and

maintain our qualification as a REIT. We may be required to fund distributions from working capital or borrow to provide funds for such distributions, or we may choose to make a portion of the required distributions in the form of a taxable stock dividend to preserve our cash balance or reduce our distribution. No distributions can be paid on our common stock unless we have paid all cumulative dividends on our Series A preferred units and Series B Participating Preferred Stock. The distribution preference of our Series A preferred units and Series B Participating Preferred Stock could limit our ability to make distributions to the holders of our common stock.

Holders of our Series A preferred units are entitled to receive cash distributions at a rate of 3.00% per annum on the $1,000 liquidation preference of the Series A preferred units, which is payable annually in arrears on January 15 of each year. Holders of shares of our Series B Participating Preferred Stock are entitled to receive cash dividends at a rate of 6.00% per annum on the initial liquidation preference per share of $25.00 (equivalent to the fixed annual rate of $1.50 per share). Beginning on September 30, 2024, dividends will accrue or be paid on any FVA Amount. See "Risk Factors— Certain aspects of our Series A preferred units and Series B Participating Preferred Units may limit our ability to make distributions to our common stockholders."

In order to maintain qualification as a REIT, we must distribute to our stockholders, on an annual basis, at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains. In addition, we will be subject to U.S. federal income tax at regular corporate rates to the extent that we distribute less than 100% of our net taxable income (including net capital gains) and will be subject to a 4% nondeductible excise tax on the amount by which our distributions in any calendar year are less than a minimum amount specified under applicable U.S. federal income tax laws. We intend to distribute our net income to our stockholders in a manner intended to satisfy the REIT 90% distribution requirement and to avoid any U.S. federal income tax liability on our income and the 4% nondeductible excise tax. We anticipate that our estimated cash available for distribution will exceed the annual distribution requirements applicable to REITs. However, under some circumstances, we may be required to use cash reserves, incur debt or liquidate assets at rates or times that we regard as unfavorable or make a taxable distribution of our shares in order to satisfy the REIT 90% distribution requirement and to avoid U.S. federal income tax and the 4% nondeductible excise tax.

We anticipate that, from time to time, our distributions will exceed our then current and accumulated earnings and profits for the relevant taxable year, as determined for U.S. federal income tax purposes, due to non-cash expenses such as certain stock-based compensation and depreciation and amortization. Therefore, a portion of our distributions may represent a return of capital for U.S. federal income tax purposes. The extent to which our distributions exceed our current and accumulated earnings and profits may vary substantially from year to year. To the extent a distribution is treated as a return of capital for U.S. federal income tax purposes, it will reduce a stockholder's adjusted tax basis in the holder's shares and, to the extent it exceeds the holder's adjusted tax basis, will be treated as gain resulting from a sale or exchange of such shares. As a result, the gain (or loss) recognized on a sale of that common stock or upon our liquidation would be increased (or decreased) accordingly.

Stockholder Information

As of March 9, 2020, there were approximately 46 holders of record of our common stock. However, because many shares of our common stock are held by brokers and other institutions on behalf of stockholders, we believe there are substantially more beneficial holders of our common stock than record holders. As of March 9, 2020, there were approximately 18 holders (other than our company and management) of our Common units. Our Common units are redeemable for cash or, at our election, for shares of our common stock, on a one-for-one basis. As of March 9, 2020, there were six holders of our Series A preferred units. As of March 9, 2020, there was one holder of record of our Series B Participating Preferred Stock. However, because many shares of our Series B Participating Preferred Stock are held by brokers and other institutions on behalf of stockholders, we believe there are substantially more beneficial holders of our Series B Participating Preferred Stock than record holders.

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Issuer Purchases of Equity Securities

Share Repurchase Program

On March 15, 2017, our Board of Directors approved a program to repurchase up to $25,000,000 in shares of our common stock. Repurchases under this program may be made from time to time, in amounts and prices as we deem appropriate. Repurchases may be made in open market or privately negotiated transactions in compliance with Rule 10b-18 under the Exchange Act, subject to market conditions, applicable legal requirements, trading restrictions under our insider trading policy and other relevant factors. In November 2017, our Board of Directors approved repurchases of our Series B participating preferred stock from time to time under the share repurchase program. This share repurchase program does not obligate us to acquire any particular amount of common stock or Series B participating preferred stock, and it may be modified or suspended at any time at our discretion. We expect to fund repurchases under the program using cash on our balance sheet. Our repurchase activity for the three months ended December 31, 2019 under the share repurchase program is presented in the following table. On August 1, 2018, our Board of Directors increased the authority under the share repurchase to $38.5 million. As of the date of this report, we had $1.0 million of availability under the program:

(in thousands except per share amounts)	Total Common Shares Purchased	Average Price Paid per Share	Total Preferred Shares Repurchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publically Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Share Repurchase Program
October	—	$ —	—	$ —	—	$ 1,843
November	—	$ —	—	$ —	—	1,843
December	122	$ 6.74	—	$ —	122	1,020
Total	122	$ 6.74	—	$ —	122	$ 1,020

From January 1, 2020 through the date of this report, the Company has repuchased 127,269 shares of common stock under the share repurchase program for an aggregate of $0.9 million at a weighted average price of $6.83 per share.

Item 6. Selected Financial Data

The following selected financial data as of and for the years ended December 31, 2019, 2018, 2017, 2016 and 2015 is derived from our audited consolidated financial statements. The data should be read in conjunction with, and is qualified in its entirety by reference to, our consolidated financial statements and notes thereto, included elsewhere in this Annual Report on Form 10-K, and "*Management's Discussion and Analysis of Financial Condition and Results of Operations,"* included in Item 7 of this Annual Report.

	As of and for the years ended December 31, 2019				
($ in thousands)	2019	2018	2017	2016	2015
Operating Data					
Total operating revenues	$ 53,564	$ 56,069	$ 46,219	$ 31,001	$ 13,756
Net income (loss)	$ 14,850	$ 14,040	$ 9,158	$ 5,999	$ 1,689
Per Share Data					
Basic net income (loss) available to common stockholders	$ 0.04	$ (0.01)	$ 0.03	$ 0.09	$ 0.08
Diluted net income (loss) available to common stockholders	$ 0.04	$ (0.01)	$ 0.03	$ 0.09	$ 0.08
Distributions declared per common share	$ 0.20	$ 0.36	$ 0.51	$ 0.51	$ 0.50
Basic weighted average common shares outstanding	30,169	32,162	31,210	13,204	9,619
Diluted weighted average common shares outstanding	30,169	32,162	31,210	13,204	9,629
Supplemental Data					
EBITDAre[1]	$ 34,917	$ 38,501	$ 30,711	$ 17,523	$ 7,208
Adjusted EBITDAre[1]	$ 36,444	$ 40,335	$ 33,931	$ 21,624	$ 8,678
FFO[1]	$ 15,329	$ 19,702	$ 17,150	$ 7,553	$ 2,582
AFFO[1]	$ 4,370	$ 8,973	$ 13,514	$ 11,011	$ 4,052
Balance Sheet Data					
Total assets	$ 1,102,553	$ 1,139,509	$ 1,166,086	$ 655,529	$ 344,954
Total gross indebtedness	$ 512,852	$ 525,326	$ 515,833	$ 309,862	$ 187,225
Total liabilities	$ 525,636	$ 535,968	$ 530,402	$ 320,020	$ 196,726
Redeemable non-controlling interest in operating partnership, common units	$ —	$ —	$ —	$ —	$ 9,694
Redeemable non-controlling interest in operating partnership, preferred units	$ 120,510	$ 120,510	$ 120,510	$ 119,915	$ —
Series B Participating Preferred Stock	142,861	143,758	144,223	—	—
Total equity (deficit)	$ 313,546	$ 339,273	$ 370,951	$ 215,594	$ 138,534

(1) For definitions and reconciliations of net income to earnings before interest, taxes, depreciation and amortization, or EBITDAre, Adjusted EBITDAre, funds from operations, or FFO, and Adjusted FFO, or AFFO, as well as a statement disclosing the reasons why our management believes that EBITDAre, Adjusted EBITDAre, FFO and AFFO provide useful information to investors and, to the extent material any additional purposes for which our management uses such measures, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Financial Measures."

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following analysis of our financial condition and results of operations should be read in conjunction with our financial statements and the notes thereto contained elsewhere in this Annual Report on Form 10-K.

Overview and Background

We are an internally managed real estate company that owns and seeks to acquire high-quality farmland located in agricultural markets throughout North America. As of the date of this Annual Report on Form 10-K, we own farms with an aggregate of approximately 158,500 acres in Alabama, Arkansas, California, Colorado, Florida, Georgia, Illinois, Kansas, Louisiana, Michigan, Mississippi, Nebraska, North Carolina, South Carolina, South Dakota, Texas and Virginia. As of the date of this Annual Report on Form 10-K, approximately 70% of our portfolio (by value) is used to grow primary crops, such as corn, soybeans, wheat, rice and cotton, with the balance used to produce specialty crops, such as blueberries, vegetables, citrus, nuts and edible beans. We believe our portfolio gives investors exposure to the increasing global food demand trend in the face of growing scarcity of high quality farmland and will reflect the approximate breakdown of U.S. agricultural output between primary crops and animal protein (whose production relies principally on primary crops as feed), on one hand, and specialty crops, on the other.

In addition, under the FPI Loan Program, we make loans to third-party farmers (both tenant and non-tenant) to provide financing for working capital requirements and operational farming activities, farming infrastructure projects, and for other farming and agricultural real estate related purposes.

We were incorporated in Maryland on September 27, 2013, and we are the sole member of the sole general partner of the Operating Partnership, which is a Delaware limited partnership that was formed on September 27, 2013. All of our assets are held by, and our operations are primarily conducted through, the Operating Partnership and its wholly owned subsidiaries. As of the date of this Annual Report on Form 10-K we own 94.0% of the Common units and none of the Series A preferred units nor the Series B Participating Preferred Stock. See Note 9 to our consolidated financial statements for additional information regarding the Series A preferred units.

As of December 31, 2019, we owned 94.0% of the Common units in the Operating Partnership.

We elected and qualified to be taxed as a REIT for U.S. federal income tax purposes commencing with our short taxable year ended December 31, 2014.

Recent Developments

2019 Completed Acquisitions and Dispositions

During 2019, we completed two asset acquisitions. Aggregate consideration for the two acquisitions totaled $3.3 million and consisted of cash and reduction of notes receivable. No intangible assets were acquired through these acquisitions. We also completed four dispositions consisting of seven farms for total consideration of $34.1 million for a total gain over net book value of $7.9 million or 22.4%.

Stock Repurchases

During 2019, we repurchased 3,523,509 common shares at a weighted average price per share of $6.24 for a total cost of $22.0 million and 41,528 shares of Series B preferred stock at a weighted average price per share of $21.60 for a total cost of $0.9 million.

Factors That May Influence Future Results of Operations and Farmland Values

The principal factors affecting our operating results and the value of our farmland include global demand for food relative to the global supply of food, farmland fundamentals and economic conditions in the markets in which we own farmland, and our ability to increase or maintain rental revenues while controlling expenses. Although farmland prices may show a decline from time to time, we believe that any reduction in U.S. farmland values overall is likely to be short-

lived as global demand for food and agricultural commodities typically exceeds global supply. In addition, although prices for many crops experienced significant declines in 2014 and 2015 and many crops have still not recovered to their pre-2014 prices, we do not believe that such declines represent a trend that will continue over the long term. Rather, we believe that long-term growth trends in global population and GDP per capita will result in increased prices for primary crops over time.

Demand

We expect that global demand for food, driven primarily by significant increases in the global population and GDP per capita, will continue to be the key driver of farmland values. We further expect that global demand for most crops will continue to grow to keep pace with global population growth, which we anticipate will lead to either higher prices and/or higher yields and, therefore, higher rental rates on our farmland, as well as sustained growth in farmland values over the long-term. We also believe that growth in global GDP per capita, particularly in developing nations, will contribute significantly to increasing demand for primary crops. As global GDP per capita increases, the composition of daily caloric intake is expected to shift away from the direct consumption of primary crops toward animal-based proteins, which is expected to result in increased demand for primary crops as feed for livestock. According to the United Nations' Food and Agriculture Organization ("UN FAO"), these factors are expected to require more than one billion additional tons of global annual grain production by 2050, a 43% increase from 2005-2007 levels and more than two times the 446 million tons of grain produced in the United States in 2014. Furthermore, we believe that, as GDP per capita grows, a significant portion of additional household income is allocated to food and that once individuals increase consumption of, and spending on, higher quality food, they will strongly resist returning to their former dietary habits, resulting in greater inelasticity in the demand for food. As a result, we believe that, as global demand for food increases, rental rates on our farmland and the value of our farmland will increase over the long-term. Global demand for corn and soybeans as inputs in the production of biofuels such as ethanol and soy diesel also could impact the prices of corn and soybeans, which, in the long-term, could impact our rental revenues and our results of operations. However, the success of our business strategy is not dependent on growth in demand for biofuels and we do not believe that demand for corn and soybeans as inputs in the production of biofuels will materially impact our results of operations or the value of our farmland, primarily because we believe that growth in global population and GDP per capita will be more significant drivers of global demand for primary crops over the long term.

Supply

Global supply of agricultural commodities is driven by two primary factors, the number of tillable acres available for crop production and the productivity of the acres being farmed. Although the amount of global cropland in use has gradually increased over time, growth has plateaued over the last 20 years. Cropland area continues to increase in developing countries, but after accounting for expected continuing cropland loss, the UN FAO projects only 173 million acres will be added from 2005-2007 to 2050, an approximate 5% increase. In comparison, world population is expected to grow over the same period to 9.1 billion, a nearly 40% increase. According to the World Bank Group arable land per capita has decreased by approximately 50% from 1961 to 2015. While we expect growth in the global supply of arable land, we also expect that landowners will only put that land into production if increases in commodity prices and the value of farmland cause landowners to benefit economically from using the land for farming rather than alternative uses. We also believe that decreases in the amount of arable land in the United States and globally as a result of increasing urbanization will partially offset the impact of additional supply of farmland. Additionally, we believe that farmland lost to urban development disproportionately impacts higher quality farmland. According to a study published in 2017 in the Proceedings of the National Academy of Sciences, urban expansion is expected to take place on cropland that is 1.77 times more productive than the global average.The global supply of food is also impacted by the productivity per acre of tillable land. Historically, productivity gains (measured by average crop yields) have been driven by advances in seed technology, farm equipment, irrigation techniques, improvements in soil health, and chemical fertilizers and pesticides. Furthermore, we expect the increasing shortage of water in many irrigated growing regions in the United States and other growing regions around the globe, often as a result of new water restrictions imposed by laws or regulations, to lead to decreased productivity growth on many acres and, in some cases, cause yields to decline on those acres.

Conditions in Our Existing Markets

Our portfolio spans numerous farmland markets and crop types, which provides us broad diversification across conditions in these markets. Across all regions, farmland acquisitions continue to be dominated by buyers who are existing farm owners and operators; institutional and investor acquirors remain a small fraction of the industry. We generally see firm demand for high quality properties across all regions and crop types.

With regard to leasing dynamics, we believe quality farmland in the United States has a near-zero vacancy rate as a result of the supply and demand fundamentals discussed above. Our view is that rental rates for farmland are a function of farmland operators' view of the long-term profitability of farmland, and that many farm operators will compete for farmland even during periods of decreased profitability due to the scarcity of farmland available to rent. In particular, we believe that due to the relatively high fixed costs associated with farming operations (including equipment, labor and knowledge), many farm operators in some circumstances will rent additional acres of farmland when it becomes available in order to allocate their fixed costs over additional acres. Furthermore, because it is generally customary in the industry to provide the existing tenant with the opportunity to re-lease the land at the end of each lease term, we believe that many farm operators will rent additional land that becomes available in order to control the ability to farm that land in future periods. As a result, in our experience, many farm operators will aggressively pursue rental opportunities in their operable geographic area, even when the farmer anticipates lower current returns or short-term losses.

In our primary row crop farmland, we see flat to modestly higher rent rates in connection with 2020 lease renewals. This is consistent with, on the one hand, headwinds in primary crop markets and, on the other, tenant demand for leasing high quality farmland. Due to the short term nature of most of our primary crop leases, we believe that a recovery of crop prices and farm profitability will be reflected relatively rapidly in our revenues via increases in rent rates. Across specialty crops, operator profitability is under some pressure. Participating lease structures are common in many specialty crops and base lease rates are consistent with or somewhat lower than 2019.

Lease Expirations

Farm leases are often short-term in nature among row crop farms, and longer term in nature among permanent crop farms in our portfolio. As of December 31, 2019 our portfolio had the following lease expirations as a percentage of approximate acres leased and annualized minimum cash rents:

($ in thousands) **Year Ending December 31,**	**Approximate Acres**	**% of Approximate Acres**	**Annual Cash Rents**	**% of Annual Cash Rents**
2020	41,163	28.4 %	$ 10,225	19.5 %
2021	46,424	32.1 %	9,396	17.9 %
2022	20,156	13.9 %	4,516	8.6 %
2023	14,126	9.8 %	2,671	5.1 %
2024	10,933	7.6 %	727	1.4 %
2025 and beyond	11,863	8.2 %	25,033	47.6 %
	144,665	100 %	$ 52,568	100 %

As of the date of this report, 674 total acres are unleased and we are currently negotiating leases for all of them.

Rental Revenues

Our revenues are primarily generated from renting farmland to operators of farming businesses. Our leases have terms ranging from one to 25 years, with three being the most common. Although the majority of our leases do not provide the tenant with a contractual right to renew the lease upon its expiration, we believe it is customary to provide the existing tenant with the opportunity to renew the lease, subject to any increase in the rental rate that we may establish. If the tenant elects not to renew the lease at the end of the lease term, the land will be offered to a new tenant.

The leases for the majority of the properties in our portfolio provide that tenants must pay us at least 50% of the annual rent in advance of each spring planting season. As a result, we collect a significant portion of total annual rents in the first calendar quarter of each year. We believe our use of leases pursuant to which at least 50% of the annual rent is payable

in advance of each spring planting season mitigates the tenant credit risk associated with the variability of farming operations that could be adversely impacted by poor crop yields, weather conditions, mismanagement, undercapitalization or other factors affecting our tenants. Tenant credit risk is further mitigated by requiring that our tenants maintain crop insurance and by our claim on a portion of the related proceeds, if any, as well as by our security interest in the growing crop. Prior to acquiring farmland property, we take into consideration the competitiveness of the local farm-operator tenant environment in order to enhance our ability to quickly replace a tenant that is unwilling to renew a lease or is unable to pay a rent payment when it is due. Some of our leases provide for a reimbursement of the property taxes we pay.

Expenses

Substantially all of our farm leases are structured in such a way that we are responsible for major maintenance, certain insurance and taxes (which are sometimes reimbursed to us by our tenants), while our tenant is responsible for minor maintenance, water usage and all of the additional input costs related to farming operations on the property, such as seed, fertilizer, labor and fuel. We expect that substantially all of the leases for farmland we acquire in the future will continue to be structured in a manner consistent with substantially all of our existing leases. As the owner of the land, we generally only bear costs related to major capital improvements permanently attached to the property, such as irrigation systems, drainage tile, grain storage facilities, permanent plantings or other physical structures customary for farms. In cases where capital expenditures are necessary, we typically seek to offset, over a period of multiple years, the costs of such capital expenditures by increasing rental rates. We also incur the costs associated with maintaining liability and casualty insurance.

We incur costs associated with running a public company, including, among others, costs associated with employing our personnel and compliance costs. We incur costs associated with due diligence and acquisitions, including, among others, travel expenses, consulting fees, and legal and accounting fees. We also incur costs associated with managing our farmland. The management of our farmland, generally, is not labor or capital intensive because farmland generally has minimal physical structures that require routine inspection and maintenance, and our leases, generally, are structured to require the tenant to pay many of the costs associated with the property. Furthermore, we believe that our platform is scalable, and we do not expect the expenses associated with managing our portfolio of farmland to increase significantly as the number of farm properties we own increases over time.

Crop Prices

We believe short-term crop price changes have had little effect historically on farmland values. They also have a limited impact on our rental revenue, as most of our leases provide for a fixed cash rental rate, a common approach in agricultural markets, especially with respect to row crops, for several reasons. This approach recognizes that the value of leased land to a tenant is more closely linked to the total revenue produced on the property which is driven by crop yield and crop price. This approach simplifies the administrative requirements for the landlord and the tenant significantly. This approach supports the tenants' desire to maintain access to their leased farms which are in short supply, a concept expanded upon below, by providing the landlord consistent rents. Crop price exposure is also limited because tenants also benefit from the fundamental revenue hedging that occurs when large crop yields mitigate the effect of lower crop prices. Similarly, lower crop yields have a tendency to trigger higher crop prices and help increase revenue even when confronted by a lower crop yields. Such hedging effect also limits the impact of short-term crop price changes on revenues generated by leases with a bonus component based on farm revenues. Further risk mitigation is available to tenants, and indirectly to us, via crop insurance and hedging programs implemented by tenants. Our TRS also takes advantage of these risk mitigation programs and strategies also.

We believe quality farmland in the United States has a near-zero vacancy rate as a result of the supply and demand fundamentals. Our view is that rental rates for farmland are a function of farmland operators' view of the long-term profitability of farmland, and that many farm operators will compete for farmland even during periods of decreased profitability due to the scarcity of farmland available to rent. In particular, we believe that due to the relatively high fixed costs associated with farming operations (including equipment, labor and knowledge), many farm operators in some circumstances will rent additional acres of farmland when it becomes available in order to allocate their fixed costs over additional acres. Furthermore, because it is generally customary in the industry to provide the existing tenant with the opportunity to re-lease the land at the end of each lease term, we believe that many farm operators will rent additional land that becomes available in order to control the ability to farm that land in future periods. As a result, in our experience,

many farm operators will aggressively pursue rental opportunities in their operable geography, even when the farmer anticipates lower current returns or short-term losses.

The value of a crop is affected by many factors that can differ on a yearly basis. Weather conditions and crop disease in major crop production regions worldwide creates a significant risk of price volatility, which may either increase or decrease the value of the crops that our tenants produce each year. Other material factors adding to the volatility of crop prices are changes in government regulations and policy, fluctuations in global prosperity, fluctuations in foreign trade and export markets, and eruptions of military conflicts or civil unrest. Prices for many primary crops, particularly corn, experienced meaningful declines in 2014 and 2015, and have still not recovered to their pre-2014 prices. We do not believe such declines represent a trend over the long term. Rather, we believe those declines represented a combination of correction to historical norms (adjusted for inflation) and high yields due to favorable weather patterns. We expect that continued long-term growth trends in global population and GDP per capita will result in increased revenue per acre for primary crops over time. We expect pricing across specialty crops to generally remain firm relative to 2019 as U.S. and global consumer demand remains strong and supply is broadly balanced to demand. Although annual rental payments under the majority of our leases are not based expressly on the quality or profitability of our tenants' harvests, any of these factors could adversely affect our tenants' ability to meet their obligations to us and our ability to lease or re-lease properties on favorable terms.

Interest Rates

We expect that future changes in interest rates will impact our overall operating performance by, among other things, affecting our borrowing costs. While we may seek to manage our exposure to future changes in rates through interest rate swap agreements or interest rate caps, portions of our overall outstanding debt will likely remain at floating rates. In addition, a sustained material increase in interest rates may cause farmland prices to decline if the rise in real interest rates (which is defined as nominal interest rates minus the inflation rate) is not accompanied by rises in the general levels of inflation. However, our business model anticipates that over time the value of our farmland will increase, as it has in the past, at a rate that is equal to or greater than the rate of inflation, which may in part offset the impact of rising interest rates on the value of our farmland, but there can be no guarantee that this appreciation will occur to the extent that we anticipate or at all.

International Trade

As trade tensions have increased between the United States and its key agricultural trading partners, agricultural products have become the target for many international tariff increases. We believe that a prolonged international trade conflict could significantly impact farms and farmers across the United States and that our tenants' financial results could be negatively impacted. Specifically, trade tensions have reduced the prices our tenants received for soybeans, almonds, and walnuts, among other crops, with an impact on the variable rents we recognized.

We anticipate that a "Phase 1" trade deal with China will lead to increased volumes of most agricultural goods exported to that country, but we can provide no assurance that volumes will increase or the timing of any increase.

The U.S. Federal government has announced a farmer safety net program to help farmers impacted by other countries' newly imposed import tariffs. While we believe this program will help farmers in the United States in the short-term, a prolonged trade conflict may lead to adverse financial results for farms despite the implementation of the safety net program.

The short to medium-term impact on the Company's financial performance due to a trade conflict may be mitigated by the multi-year term structure of many of our leases and limited to contingent rent components. However, a long-term trade conflict would likely impact our rents and thereby negatively impact our business. Additionally, a long-term trade conflict would likely motivate non-US. agricultural businesses to strengthen their logistics and trade infrastructure. This may also lead to the weakening of U.S. agricultural trade relationships that would be difficult for the United States to reestablish in the future.

Another potential source of disruption in international trade flows is the outbreak of the novel coronavirus COVID-19. While the demand for U.S. agricultural is not expected to be materially affected, the outbreak could slow down the

flow of products through ports, distribution and retail channels, resulting in an ultimate impact expected to be modest and temporary.

Impact of Extreme Weather Events

Our tenants' profitability and, to some degree, our variable rent revenue were negatively impacted by extreme weather events in 2018 and 2019. Specifically, hurricane Michael affected our pecan farms in Alabama and Georgia, and excess rainfall affected several row crop farms in the Corn Belt, Delta and South, and Southeast regions. Furthermore, a heat wave affected an avocado farm in California, with a negative impact on 2019 revenue.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts may differ significantly from these estimates and assumptions. We have provided a summary of our significant accounting policies in the notes to the historical consolidated financial statements included elsewhere in this filing. We have set forth below those accounting policies that we believe require material subjective or complex judgments and have the most significant impact on our financial condition and results of operations. We evaluate our estimates, assumptions and judgments on an ongoing basis, based on information that is then available to us, our experience and various matters that we believe are reasonable and appropriate for consideration under the circumstances.

Real Estate Acquisitions

When we acquire farmland where substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets it is not considered a business. As such, we account for these types of acquisitions as asset acquisitions. When substantially all of the fair value of the gross assets acquired is not concentrated in a single identifiable asset or a group of similar assets and contains acquired inputs, processes and outputs, these acquisitions are accounted for as a business combination.

We consider single identifiable assets as tangible assets that are attached to and cannot be physically removed and used separately from another tangible asset without incurring significant cost or significant diminution in utility or fair value. We consider similar assets as assets that have a similar nature and risk characteristics.

Whether our acquisitions are treated as an asset acquisition under ASC 360 or a business combination under ASC 805, the fair value of the purchase price is allocated among the assets acquired and any liabilities assumed by valuing the property as if it was vacant. The "as-if-vacant" value is allocated to land, buildings, improvements, permanent plantings and any liabilities, based on management's determination of the relative fair values of such assets and liabilities as of the date of acquisition.

Upon acquisition of real estate, we allocate the purchase price of the real estate based upon the fair value of the assets and liabilities acquired, which historically have consisted of land, drainage improvements, irrigation improvements, groundwater, permanent plantings (bushes, shrubs, vines, and perennial crops), and grain facilities, and may also consist of intangible assets including in-place leases, above market and below market leases, and tenant relationships. We allocate the purchase price to the fair value of the tangible assets by valuing the land as if it were unimproved. We value improvements, including permanent plantings and grain facilities, at replacement cost, adjusted for depreciation.

Our estimates of land value are made using a comparable sales analysis. Factors considered by us in our analysis of land value include soil types and water availability and the sales prices of comparable farms. Our estimates of groundwater value are made using historical information obtained regarding the applicable aquifer. Factors considered by us in our analysis of groundwater value are related to the location of the aquifer and whether or not the aquifer is a depletable resource or a replenishing resource. If the aquifer is a replenishing resource, no value is allocated to the groundwater. We include an estimate of property taxes in the purchase price allocation of acquisitions to account for the expected liability that was assumed.

When above or below market leases are acquired, we value the intangible assets based on the present value of the difference between prevailing market rates and the in-place rates measured over a period equal to the remaining term of the lease for above market leases and the initial term plus the term of any below market fixed rate renewal options for below market leases that are considered bargain renewal options. The above market lease values will be amortized as a reduction of rental income over the remaining term of the respective leases. The fair value of acquired below market leases, included in deferred revenue on the accompanying consolidated balance sheets, is amortized as an increase to rental income on a straight-line basis over the remaining non-cancelable terms of the respective leases, plus the terms of any below market fixed rate renewal options that are considered bargain renewal options of the respective leases.

The purchase price is allocated to in-place lease values and tenant relationships, if they are acquired, based on our evaluation of the specific characteristics of each tenant's lease, availability of replacement tenants, probability of lease renewal, estimated down time, and our overall relationship with the tenant. The value of in-place lease intangibles and tenant relationships will be included as an intangible asset and will be amortized over the remaining lease term (including expected renewal periods of the respective leases for tenant relationships) as amortization expense. If a tenant terminates its lease prior to its stated expiration, any unamortized amounts relating to that lease, including (i) above and below market leases, (ii) in-place lease values, and (iii) tenant relationships, would be recorded to revenue or expense as appropriate.

We capitalize acquisition costs and due diligence costs if the asset is expected to qualify as an asset acquisition. If the asset acquisition is abandoned, the capitalized asset acquisition costs will be expensed to acquisition and due diligence costs in the period of abandonment. Costs associated with a business combination are expensed to acquisition and due diligence costs as incurred.

Total consideration for acquisitions may include a combination of cash and equity securities. When equity securities are issued, we determine the fair value of the equity securities issued based on the number of shares of common stock and Common units issued multiplied by the stock price on the date of closing in the case of common stock and Common units and by liquidation preference in the case of preferred stock and preferred units.

Using information available at the time of a business combination, we allocate the total consideration to tangible assets and liabilities and identified intangible assets and liabilities. During the measurement period, which may be up to one year from the acquisition date, the Company may adjust the preliminary purchase price allocations after obtaining more information about assets acquired and liabilities assumed at the date of acquisition.

Real Estate

Our real estate consists of land, groundwater, permanent crops (consisting of trees and vines) and improvements made to the land consisting of grain facilities, irrigation improvements, other assets and drainage improvements. We record real estate at cost and capitalize improvements and replacements when they extend the useful life or improve the efficiency of the asset. We expense costs of repairs and maintenance as such costs are incurred. We begin depreciating assets when the asset is ready for its intended use. We compute depreciation and depletion for assets classified as improvements using the straight-line method over the estimated useful life of 10-40 years for grain facilities, 2-40 years for irrigation improvements, 20-65 for drainage improvements, 3-50 years for groundwater, 13-40 years for permanent plantings, and 5-40 years for other assets acquired. We periodically evaluate the estimated useful lives for groundwater based on current state water regulations and depletion levels of the aquifers.

When a sale occurs, we recognize the associated gain when all consideration has been transferred, the sale has closed, and there is no material continuing involvement. If a sale is expected to generate a loss, we first assess it through the impairment evaluation process. See ''—Impairment of Real Estate Assets'' below

Impairment of Real Estate Assets

We evaluate our tangible and identifiable intangible real estate assets for impairment indicators whenever events such as declines in a property's operating performance, deteriorating market conditions, or environmental or legal concerns bring recoverability of the carrying value of one or more assets into question. If such events are present, we project the total undiscounted cash flows of the asset, including proceeds from disposition, and compare it to the net book value of

the asset. If this evaluation indicates that the carrying value may not be recoverable, an impairment loss is recorded in earnings equal to the amount by which the carrying value exceeds the fair value of the asset. There have been no impairments recognized on real estate assets in the accompanying financial statements.

Inventory of our TRS

The costs of growing crop are accumulated until the time of harvest at the lower of cost or market value and are included in inventory in our consolidated financial statements. Costs are allocated to growing crops based on a percentage of the total costs of production and total operating costs that are attributable to the portion of the crops that remain in inventory at the end of the year. Growing crop consists primarily of land preparation, cultivation, irrigation and fertilization costs incurred by FPI Agribusiness. Growing crop inventory is charged to cost of products sold when the related crop is harvested and sold.

Harvested crop inventory includes costs accumulated during both the growing and harvesting phases and is stated at the lower of those costs or the estimated net realizable value, which is the market price, based upon the nearest market in the geographic region, less any cost of disposition. Cost of disposition includes broker's commissions, freight and other marketing costs.

Revenue Recognition

Rental income includes rents that each tenant pays in accordance with the terms of its lease. Minimum rents pursuant to leases are recognized as revenue on a straight-line basis over the lease term, including renewal options in the case of bargain renewal options. Deferred revenue includes the cumulative difference between the rental revenue recorded on a straight-line basis and the cash rent received from tenants in accordance with the lease terms. Acquired below market leases are included in deferred revenue on the accompanying consolidated balance sheets, which are amortized into rental income over the life of the respective leases, plus the terms of the below market renewal options, if any.

Farm leases in place as of December 31, 2019 had terms ranging from one to twenty five years. As of December 31, 2019, we had 97 leases over 214 properties with rent escalations. The majority of our leases provide for a fixed annual or semi-annual cash rent payment. Tenant leases on acquired farms generally require the tenant to pay us rent for the entire initial year regardless of the date of acquisition, if the acquisition is closed prior to, or shortly after, planting of crops. If the acquisition is closed later in the year, we typically receive a partial rent payment or no rent payment at all.

Certain of our leases provide for a portion of the rent determined as a percentage of the gross farm proceeds. Revenue under leases providing for a payment equal to a percentage of the gross farm proceeds are recorded at the guaranteed crop insurance minimums and recognized ratably over the lease term during the crop year. Upon notification from the grain or packing facility that a future contract for delivery of the harvest has been finalized or when the tenant has notified us of the total amount of gross farm proceeds, revenue is recognized for the excess of the actual gross farm proceeds and the previously recognized minimum guaranteed insurance. Revenue derived from a percentage of the farm gross proceeds that is over and above the crop insurance minimums is recognized once crop price and quantity are known (typically at the time the crops are harvested). As a result, we are only able to recognize revenue from such leases once annually.

Certain of our leases provide for minimum cash rent plus a bonus based on gross farm proceeds. Revenue under this type of lease is recognized on a straight-line basis over the lease term based on the minimum cash rent. Bonus rent is recognized upon notification from the grain or packing facility that a future contract for delivery of the harvest has been finalized or when the tenant has notified us of the total amount of gross farm proceeds

Tenant reimbursements include reimbursements for real estate taxes that each tenant pays in accordance with the terms of its lease. When leases require that the tenant reimburse us for property taxes paid by us, the reimbursement is reflected as tenant reimbursement revenue on the statements of operations, as earned, and the related property tax as property operating expense, as incurred.

We recognize interest income on notes receivable on an accrual basis over the life of the note. Direct origination costs are netted against loan origination fees and are amortized over the life of the note using the straight-line method, which

approximates the effective interest method, as an adjustment to interest income which is included in other revenue in the Company's Consolidated Statements of Operations for the years ended December 31, 2019, 2018 and 2017.

Crop sales revenue

We record revenue from the sale of harvested crops when the harvested crop has been contracted to be delivered to a grain or packing facility and title has transferred. Harvested crops delivered under marketing contracts are recorded using the fixed price of the marketing contract at the time of delivery to a grain or packing facility. Harvested crops delivered without a marketing contract are recorded using the market price at the date the harvested crop is delivered to the grain or packing facility and title has transferred.

Other revenue

We recognize interest income on notes receivable on an accrual basis over the life of the note. Direct origination costs are netted against loan origination fees and are amortized over the life of the note using the straight-line method, which approximates the effective interest method, as an adjustment to interest income which is included in other revenue in the Company's Consolidated Statements of Operations for the years ended December 31, 2019, 2018 and 2017.

Income Taxes

As a REIT, for income tax purposes we are permitted to deduct dividends paid to our stockholders, thereby eliminating the U.S. federal taxation of income represented by such distributions at the Company level, provided certain requirements are met. REITs are subject to a number of organizational and operational requirements. If we fail to qualify as a REIT in any taxable year, we will be subject to U.S. federal income tax (including, for periods prior to 2018, any applicable alternative minimum tax) on our taxable income at regular corporate tax rates.

The Operating Partnership leases certain of its farms to the TRS, which is subject to federal and state income taxes. We account for income taxes using the asset and liability method under which deferred tax assets and liabilities are recognized for temporary differences between the financial reporting basis of assets and liabilities and their respective income tax basis and for operating loss, capital loss and tax credit carryforwards based on enacted income tax rates expected to be in effect when such amounts are realized or settled. However, deferred tax assets are recognized only to the extent that it is more likely than not they will be realized on consideration of available evidence, including future reversals of existing taxable temporary differences, future projected taxable income and tax planning strategies. There was $(0.2) million in taxable income from the TRS for the year ended December 31, 2019, and $(0.2) million in taxable income for the year ended December 31, 2018, and $0.03 million for the year ended December 31, 2017.

We perform an annual review for any uncertain tax positions and, if necessary, will record future tax consequences of uncertain tax positions in the financial statements. An uncertain tax position is defined as a position taken or expected to be taken in a tax return that is not based on clear and unambiguous tax law and which is reflected in measuring current or deferred income tax assets and liabilities for interim or annual periods. At December 31, 2019, we did not identify any uncertain tax positions.

When we acquire a property in a business combination, we evaluate such acquisition for any related deferred tax assets or liabilities and determine if a deferred tax asset or liability should be recorded in conjunction with the purchase price allocation. If a built-in gain is acquired, we evaluate the required holding period (generally 5 years) and determine if we have the ability and intent to hold the underlying assets for the necessary holding period. If we have the ability to hold the underlying assets for the required holding period, no deferred tax liability will be recorded with respect to the built-in gain. We determined that no deferred tax asset or liability was recorded through the asset acquisition that we undertook during the year ended December 31, 2019.

New or Revised Accounting Standards

For a summary of the new or revised accounting standards please refer to "Note 1 – Organization and Significant Accounting Policies" within the notes to the combined consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Results of Operations

This section of this Form 10-K generally discusses 2019 and 2018 items and year-to-year comparisons between 2019 and 2018. Discussions of 2017 items and year-to-year comparisons between 2018 and 2017 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Comparison of the year ended December 31, 2019 to the year ended December 31, 2018

	For the year ended December 31,			
($ in thousands)	**2019**	**2018**	**$ Change**	**% Change**
OPERATING REVENUES:				
Rental income	$ 48,119	$ 51,185	$ (3,066)	(6.0)%
Tenant reimbursements	3,146	3,158	(12)	(0.4)%
Crop Sales	978	410	568	138.5 %
Other revenue	1,321	1,316	5	0.4 %
Total operating revenues	53,564	56,069	(2,505)	(4.5)%
OPERATING EXPENSES:				
Depreciation and depletion	8,320	8,544	(224)	(2.6)%
Property operating expenses	7,897	7,834	63	0.8 %
Cost of goods sold	927	125	802	NM
Acquisition and due diligence costs	6	180	(174)	(96.7)%
General and administrative expenses	6,102	7,352	(1,250)	(17.0)%
Legal and accounting	3,971	2,330	1,641	70.4 %
Other operating expenses	4	11	(7)	NM
Total operating expenses	27,227	26,376	851	3.2 %
OPERATING INCOME	26,337	29,693	(3,356)	(11.3)%
OTHER (INCOME) EXPENSE:				
Other income	(260)	(264)	4	(1.5)%
Gain on sale of assets	(7,841)	(2,882)	(4,959)	NM
Interest expense	19,588	18,799	789	4.2 %
Total other expense	11,487	15,653	(4,166)	(26.6)%
Net income before income tax expense	14,850	14,040	810	5.8 %
Income tax expense	—	—	—	NM
NET INCOME	$ 14,850	$ 14,040	$ 810	5.8 %

NM = Not Meaningful

Our rental income for 2019 was impacted by the six acquisitions that took place in 2018, in addition to the two acquisitions and four dispositions, consisting of seven farms that took place in 2019. To highlight the effect of changes due to acquisitions, we have separately discussed the rental income for the same-property portfolio, which includes only properties owned and operated for the entirety of both periods presented, excluding properties that generated one-time revenues such as termination fees. Total rental income under leases for the same-property portfolio decreased 2.2 million, or 4.65%, from $48.4 million for the year ended December 31, 2018 to $46.2 million for the year ended December 31, 2019, largely due to a decrease in crop share in the permanent crop portfolio.

Rental income decreased $3.1 million, or 6.0%, for the year ended December 31, 2019 as compared to the prior year, as a result of the timing of certain variable rent payments, asset sales, and the impact of lower crop prices and low cyclical yields on participating rents.

Revenues recognized from tenant reimbursement of property taxes did not change materially during the year ended December 31, 2019 as compared to the prior year. This is the result of a decreased number of supplemental property tax invoices charged to us and reimbursed by tenants, which are largely related to leases on properties in the state of California, offset by an increase in property taxes reimbursed.

Crop sales increased $0.6 million, or 138.5%, for the year ended December 31, 2019 as compared to the prior year. The increase is the result of a larger number of properties directly operated by the Company.

Other revenues totaled $1.3 million during both the year ended December 31, 2019 and the prior year.

Depreciation, depletion and amortization expense decreased $0.2 million, or 2.6%, for the year ended December 31, 2019 as compared to the prior year as a result of selling approximately $5.1 million in depreciable assets in 2019.

Property operating expenses increased $0.1 million, or 0.8%, in the year ended December 31, 2019 as compared to the prior year. The increase largely relates to clean up costs on farms in the Southeast region as a result of Hurricane Michael in the fourth quarter of 2018 and the initial accounting of a sales-type equipment lease in the third quarter of 2019, partially offset by a reduction due to asset sales.

Acquisition and due diligence costs totaled $0.0 million for the year ended December 31, 2019 as compared to $0.2 million recognized in the prior year. The decrease is due to a reduction in acquisition activity.

General and administrative expenses declined by $1.4 million, or 18.4%, for the year ended December 31, 2019 as compared to the prior year. The decrease is largely due to lower overall payroll costs for employees.

Legal and accounting expenses increased $1.6 million, or 70.4%, for the year ended December 31, 2019 as compared to the prior year. The increase was primarily a result of legal fees incurred in relation to a "short and distort" attack against the Company conducted by anonymous parties under the pseudonym Rota Fortunae, as discussed below under Part II Item 1 "Legal Proceedings." The Company is pursuing litigation against Rota Fortunae and is defending stockholder class action lawsuits that are related to the claims made by Rota Fortunae. The Company believes that costs associated with the stockholder class action litigation in excess of $0.35 million will be covered by insurance. However, because the Company is still in negotiations with its insurance carrier regarding the coverage of defense costs incurred to date, the Company has not recognized any receivable for insurance recoveries that the Company believes it will be entitled to upon completion of the claim review process. The Company does not expect insurance proceeds to cover a substantial portion of the costs related to the lawsuit it filed against Rota Fortunae. In addition to the increase in legal fees discussed above, the Company experienced an increase in accounting and audit fees because in 2019 the Company became subject to section 404(b) of the Sarbanes-Oxley Act of 2002.

Other operating expenses increased $0.9 million for the year ended December 31, 2019 as compared to the prior year as a result of an increase in cost of crops sold in the period because of an increase in farms operated by the Company.

Other income totaled $0.3 million during both the year ended December 31, 2019 and the prior year.

The gain / loss on disposition of assets increased $5.0 million for the year ended December 31, 2019 as compared to the prior year due primarily to the gain on sales of properties in the Corn Belt and the Southeast regions.

Interest expense increased $0.8 million, or 4.2%, for the year ended December 31, 2019 as compared to the prior year. This increase is the result of increased interest rates.

Liquidity and Capital Resources

Overview

Liquidity is a measure of our ability to meet potential cash requirements, including ongoing commitments to repay any outstanding borrowings, fund and maintain our assets and operations, make distributions to our stockholders and to Common unitholders, and other general business needs.

Our short-term liquidity requirements consist primarily of funds necessary to acquire additional farmland, pay legal fees in relation to the Rota Fortunae litigation in excess of the Company's insurance coverage, make other investments consistent with our investment strategy, make principal and interest payments on outstanding borrowings, make distributions on our Series A preferred units and Series B Participating Preferred Stock and make distributions necessary to qualify for taxation as a REIT and fund our operations. Our sources of funds primarily will be cash on hand, operating cash flows and borrowings from prospective lenders.

In addition, we have $48.3 million of outstanding indebtedness that matures in June and July of 2020. We do not have the cash on hand to repay this indebtedness when it comes due. We have been in advanced discussions with lenders regarding the refinancing of this debt prior to maturity. However, we have not entered into a definitive agreement with respect to the refinancing as of the date of this report. If we are unable to refinance this debt, we may be required to dispose of farms to repay it at maturity.

Our long-term liquidity needs consist primarily of funds necessary to acquire additional farmland, make other investments and certain long-term capital expenditures, make principal and interest payments on outstanding borrowings, and make distributions necessary to qualify for taxation as a REIT. In light of the level at which our common stock has traded in recent years, we have not been able to access the equity capital markets in order to fund our liquidity needs and we will not be able to do so unless and until our stock price recovers significantly. Furthermore, because of the trading price of our common stock, we have been unable to fund acquisitions of farmland with Common units. We expect to meet our long-term liquidity requirements through various sources of capital, including net cash provided by operations, long-term mortgage indebtedness and other secured and unsecured borrowings, asset dispositions and, if our stock price recovers, future equity issuances (including issuances of Common units).

Our ability to incur additional debt will depend on a number of factors, including our degree of leverage, the value of our unencumbered assets, compliance with the covenants under our existing debt agreements, borrowing restrictions that may be imposed by lenders and the conditions of debt markets. Our ability to access the equity capital markets will depend on a number of factors as well, including general market conditions for REITs and market perceptions about us.

We manage our liquidity position and expected liquidity needs taking into consideration current cash balances and reasonably expected cash receipts. Our business model, and the business model of real estate investment companies in general, relies on debt as a structural source of financing. When debt becomes due, it is generally refinanced rather than repaid using our cash flow from operations. As of December 31, 2019, we had liquidity requirements that are not anticipated to be funded from ongoing operating cash flows in the foreseeable future which were largely impacted by debt repayments which are coming due in 2020. When material debt repayments are due within the following 12 months, we work with current and new lenders and other potential sources of capital to ensure that all of our obligations are satisfied in a timely manner. We have a history of being able to refinance our debt obligations to manage our debt maturities. Furthermore, we have a large portfolio of high-quality real estate assets which we believe could be selectively and readily liquidated if necessary to fund our immediate liquidity needs. Our first course of action is to work with our lenders to refinance debt which is coming due on terms acceptable to us. In the event that we are unsuccessful in refinancing our debt on terms acceptable to us, we would look to liquidate certain assets to fund our liquidity shortfall. We believe our plans are sufficient to overcome the liquidity pressures which existed at December 31, 2019.

Consolidated Indebtedness

For further details relating to our consolidated indebtness refer to "– Recent Developments – Financing Activity" and Note 7 – Mortgage Notes, Line of Credit and Bonds Payable included in the financial statement section of this Annual Report on Form 10-K.

Sources and Uses of Cash

The following table summarizes our cash flows for the years ended December 31, 2019, 2018 and 2017:

	For the year ended December 31,		
($ in thousands)	2019	2018	2017
Net cash provided by operating activities	$ 17,994	$ 20,003	$ 929
Net cash used in investing activities	$ 31,052	$ (15,864)	$ (234,107)
Net cash provided by (used in) financing activities	$ (53,376)	$ (40,784)	$ 239,548

Comparison of the year ended December 31, 2019 to the year ended December 31, 2018

As of December 31, 2019, we had $12.6 million of cash and cash equivalents compared to $16.9 million at December 31, 2018.

Cash Flows from Operating Activities

Net cash provided by operating activities decreased $2.0 million, primarily as a result of the following:

- Decrease in accrued interest of $2.4 million in 2019 as compared to the same period of 2018;
- Increase in net income of $0.8 million in 2019 as compared to the same period in 2018;
- Increase in gain on disposition of assets of $5.0 million as compared to the same period in 2018 and
- Decrease in deferred revenue of $3.8 million from 2018 to 2019

Cash Flows from Investing Activities

Net cash used for investing activities increased $46.9 million primarily as a result of the following:

- Completing two asset acquisitions in 2019 for cash consideration of $1.4 million, and principal receipt on notes receivable of $6.7 million, as compared to six acquisitions for aggregate cash consideration of $33.2 million in 2018;
- Investing of $6.6 million in real estate improvements during the year ended December 31, 2019, as compared to $12.8 million in 2018;
- Receiving $34.1 million from the sale of property in 2019 compared to $31.9 million in 2018: and
- Decrease of $0.1 million in casualty loss insurance proceeds for the twelve months ended December 31, 2019.

Cash Flows from Financing Activities

Net cash used in financing activities increased $12.6 million primarily as a result of the following:

- Borrowings from mortgage notes payable of $0.0 million during the twelve months ended December 31, 2019, as compared to borrowings of $21.0 million in the twelve months ended December 31, 2018;
- Debt repayments of $11.4 million during 2019, as compared to $11.5 million in 2018;
- Repurchase of $22.0 million in common stock during 2019 compared to $20.6 million in 2018;
- Dividend payments of $9.0 million to Series B Participating Preferred Stockholders made in 2019, compared to $9.1 million during 2018;
- Dividend payments of $3.5 million to Series A Preferred Unit holders made in 2019, compared to $3.5 million during 2018; and

- Distributions of $0.4 million to holders of Common Units (other than the Company) in 2019 compared to $1.9 million in 2018.
- Dividend payments of $6.2 million on common stock in 2019, compared to $14.4 million in 2018.

Contractual Obligations

The following table sets forth our contractual obligations and commitments as of December 31, 2019:

($ in thousands)	Payments Due by Period				
Contractual Obligations	**2020**	**2021-2023**	**2024-2026**	**2027 & beyond**	**Total**
Principal Payments of					
Long-Term Indebtedness	$ 48,574	$ 116,615	$ 171,914	$ 175,749	$ 512,852
Interest Payments on					
Fixed-Rate Long-Term Indebtedness	11,167	30,836	29,455	32,501	103,959
Variable-Rate Long-Term Indebtedness	6,311	11,174	6,708	2,605	26,798
Commitment on Mortgage Note Receivable	-	-	-	-	-
Lease Payments	75	-	-	-	75
Capital Commitments	-	-	-	-	-
Total	$ 66,127	$ 158,625	$ 208,077	$ 210,855	$ 643,684

(1) Variable rate long-term indebtedness has been determined for purposes of this table based upon the balance and interest rates in place as of December 31, 2019.

Off-Balance Sheet Arrangements

As of December 31, 2019, we did not have any off-balance sheet arrangements.

Non-GAAP Financial Measures

Funds from Operations ("FFO") and Adjusted Funds from Operations ("AFFO")

We calculate FFO in accordance with the standards established by the National Association of Real Estate Investment Trusts, or NAREIT. NAREIT defines FFO as net income (loss) (calculated in accordance with GAAP), excluding gains (or losses) from sales of depreciable operating property, plus real estate related depreciation, depletion and amortization (excluding amortization of deferred financing costs), and after adjustments for unconsolidated partnerships and joint ventures. FFO is a supplemental non-GAAP financial measure. Management presents FFO as a supplemental performance measure because it believes that FFO is beneficial to investors as a starting point in measuring our operational performance. Specifically, in excluding real estate related depreciation and amortization and gains and losses from sales of depreciable operating properties, which do not relate to or are not indicative of operating performance, FFO provides a performance measure that, when compared year over year, captures trends in occupancy rates, rental rates and operating costs. We believe that, as a widely recognized measure of the performance of REITs, FFO will be used by investors as a basis to compare our operating performance with that of other REITs.

However, because FFO excludes depreciation and amortization and captures neither the changes in the value of our properties that result from use or market conditions nor the level of capital expenditures necessary to maintain the operating performance of improvements on our properties, all of which have real economic effects and could materially impact our results from operations, the utility of FFO as a measure of our performance is limited. In addition, other equity REITs may not calculate FFO in accordance with the NAREIT definition as we do, and, accordingly, our FFO may not be comparable to such other REITs' FFO. Accordingly, FFO should be considered only as a supplement to net income as a measure of our performance. FFO should not be used as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends or service indebtedness. FFO also should not be used as a supplement to or substitute for cash flow from operating activities computed in accordance with GAAP.

We do not, however, believe that FFO is the only measure of the sustainability of our operating performance. Changes in GAAP accounting and reporting rules that were put in effect after the establishment of NAREIT's definition of FFO in 1999 result in the inclusion of a number of items in FFO that do not correlate with the sustainability of our operating

performance. Therefore, in addition to FFO, we present AFFO and AFFO per share, fully diluted, both of which are non-GAAP measures. Management considers AFFO a useful supplemental performance metric for investors as it is more indicative of the Company's operational performance than FFO. AFFO is not intended to represent cash flow or liquidity for the period, and is only intended to provide an additional measure of our operating performance. Even AFFO, however, does not properly capture the timing of cash receipts, especially in connection with full-year rent payments under lease agreements entered into in connection with newly acquired farms. Management considers AFFO per share, fully diluted to be a supplemental metric to GAAP earnings per share. AFFO per share, fully diluted provides additional insight into how our operating performance could be allocated to potential shares outstanding at a specific point in time. Management believes that AFFO is a widely recognized measure of the operations of REITs, and presenting AFFO will enable investors to assess our performance in comparison to other REITs. However, other REITs may use different methodologies for calculating AFFO and AFFO per share, fully diluted and, accordingly, our AFFO and AFFO per share, fully diluted may not always be comparable to AFFO and AFFO per share amounts calculated by other REITs. AFFO and AFFO per share, fully diluted should not be considered as an alternative to net income (loss) or earnings per share (determined in accordance with GAAP) as an indication of financial performance, or as an alternative to net income (loss) earnings per share (determined in accordance with GAAP) as a measure of our liquidity, nor are they indicative of funds available to fund our cash needs, including our ability to make distributions.

AFFO is calculated by adjusting FFO to exclude or include the income and expenses that we believe are not reflective of the sustainability of our ongoing operating performance, as further explained below:

- *Real estate related acquisition and due diligence costs.* Acquisition (including audit fees associated with these acquisitions) and due diligence costs are incurred for investment purposes and therefore, do not correlate with the ongoing operations of our portfolio. We believe that excluding these costs from AFFO provides useful supplemental information reflective of the realized economic impact of our leases, which is useful in assessing the sustainability of our operating performance. Acquisition and due diligence costs totaled $0.0 million, $0.1 million and $0.9 million for the years ended December 31, 2019, 2018 and 2017, respectively. A portion of the audit fees we incur are directly related to acquisitions, which varies with the number and complexity of the acquisitions we evaluate and complete in a given period. As such, these costs do not correlate with the ongoing operations of our portfolio. Total acquisition related audit fees excluded from AFFO totaled $0.0 million, $0.0 million and $0.2 million for the years ended December 31, 2019, 2018 and 2017, respectively. Also included in real estate related acquisition and due diligence costs for the year ended December 31, 2017 is $0.7 million in fees paid to the Prudential Sub-Advisor following the completion of the AFCO Mergers, including a $0.2 million termination fee. We believe that excluding these costs from AFFO provides useful supplemental information reflective of the realized economic impact of our current acquisition strategy, which is useful in assessing the sustainability of our operating performance. These exclusions also improves comparability of our results over each reporting period and of our Company with other real estate operators.
- *Stock based compensation.* Stock based compensation is a non-cash expense and therefore, does not correlate with the ongoing operations. We believe that excluding these costs from AFFO improves comparability of our results over each reporting period and of our Company with other real estate operators.
- *Indirect offering costs.* Indirect offering costs are fees for services incurred by the Company to grow and maintain an active institutional investor presence. As we continue to acquire more farms, our ability to access capital through the equity markets will remain a critical component of our growth strategy. As of September 30, 2015, we began excluding indirect offering costs from AFFO as we believe it improves comparability of our results over each reporting period and of our Company with other real estate operators. Prior to this date the company did not incur indirect offering costs.
- *Distributions on Series A preferred units*. Dividends on Series A preferred units, which are convertible into Common units on or after March 2, 2026, have a fixed and certain impact on our cash flow, thus they are subtracted from FFO. We believe this improves comparability of our Company with other real estate operators.
- *Dividends on Series B Participating Preferred Stock*. Dividends on Series B Participating Preferred Stock, which may be redeemed for cash or converted into shares of common stock on or after September 30, 2021, have a fixed

and certain impact on our cash flow, thus they are subtracted from FFO. We believe this improves comparability of our Company with other real estate operators.

- *Common shares fully diluted.* In accordance with GAAP, common shares used to calculate earnings per share are presented on a weighted average basis. Common shares on a fully diluted basis includes shares of common stock, Common units, and unvested shares of restricted stock outstanding at the end of the period on a share equivalent basis, because all shares are participating securities and thus share in the performance of the Company. The conversion of Series A preferred units is excluded from the calculation of common shares fully diluted as they are not participating securities, thus don't share in the performance of the Company and their impact on shares outstanding is uncertain.

The following table sets forth a reconciliation of net income (loss) to FFO, AFFO and net income available to common stockholders per share to AFFO per share, fully diluted, the most directly comparable GAAP equivalents, respectively, for the periods indicated below (unaudited):

	For the year ended December 31,		
($ in thousands except per share data)	**2019**	**2018**	**2017**
Net income (loss)	$ 14,850	$ 14,040	$ 9,158
(Gain) loss on disposition of assets	(7,841)	(2,882)	200
Depreciation and depletion	8,320	8,544	7,792
FFO	15,329	19,702	17,150
Stock based compensation	1,527	1,653	1,409
Indirect equity offering costs	—	—	—
Real estate related acquisition and due diligence costs	—	181	1,811
Distributions on preferred units	(12,486)	(12,563)	(6,856)
AFFO	$ 4,370	$ 8,973	$ 13,514
AFFO per diluted weighted average share data:			
AFFO weighted average common shares	32,938	37,083	37,358
Net income (loss) available to common stockholders	$ 0.04	$ (0.01)	0.03
Income attributable to redeemable non-controlling interest and non-controlling interest in operating partnership	0.40	0.39	0.21
Depreciation and depletion	0.25	0.23	0.21
Stock based compensation	0.05	0.04	0.04
(Gain) loss on disposition of assets	(0.24)	(0.08)	—
Real estate related acquisition and due diligence costs	—	0.01	0.05
Distributions on preferred units	(0.37)	(0.34)	(0.18)
AFFO per diluted weighted average share	$ 0.13	$ 0.24	0.36

The following table sets forth a reconciliation of AFFO share information to basic weighted average common shares outstanding, the most directly comparable GAAP equivalent, for the periods indicated below (unaudited):

	For the year ended December 31,		
($ in thousands)	**2019**	**2018**	**2017**
Basic weighted average shares outstanding	30,169	32,162	31,210
Weighted average OP units on an as if converted basis	2,415	4,610	5,870
Weighted average unvested restricted stock	354	311	278
Weighted average redeemable non-controlling interest	—	—	—
AFFO weighted average common shares	32,938	37,083	37,358

As of December 31, 2019, 2018 and 2017 we had 31,856,400, 35,176,571 and 38,074,221 shares of common stock and Common units outstanding on a fully diluted basis, respectively.

EBITDAre

The Company calculates Earnings Before Interest Taxes Depreciation and Amortization for real estate ("EBITDAre") in accordance with the standards established by NAREIT in its September 2017 White Paper. NAREIT defines EBITDAre as net income (calculated in accordance with GAAP) excluding interest expense, income tax, depreciation and amortization, gains or losses on disposition of depreciated property (including gains or losses on change of control), impairment write-downs of depreciated property and of investments in unconsolidated affiliates caused by a decrease in value of depreciated property in the affiliate, and adjustments to reflect the entity's pro rata share of EBITDAre of unconsolidated affiliates. EBITDAre is a key financial measure used to evaluate the Company's operating performance but should not be construed as an alternative to operating income, cash flows from operating activities or net income, in each case as determined in accordance with GAAP. The Company believes that EBITDAre is a useful performance measure commonly reported and will be widely used by analysts and investors in the Company's industry. However, while EBITDAre is a performance measure widely used across the Company's industry, the Company does not believe that it correctly captures the Company's business operating performance because it includes non-cash expenses and recurring adjustments that are necessary to better understand the Company's business operating performance. Therefore, in addition to EBITDAre, management uses Adjusted EBITDAre, a non-GAAP measure.

We further adjust EBITDAre for certain additional items such as stock based compensation, indirect offering costs, real estate acquisition related audit fees and real estate related acquisition and due diligence costs (for a full discussion of these adjustments, see AFFO adjustments discussed above) that we consider necessary to understand our operating performance. We believe that Adjusted EBITDAre provides useful supplemental information to investors regarding our ongoing operating performance that, when considered with net income and EBITDAre, is beneficial to an investor's understanding of our operating performance.

EBITDAre and Adjusted EBITDAre have limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- EBITDAre and Adjusted EBITDAre do not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- EBITDAre and Adjusted EBITDAre do not reflect changes in, or cash requirements for, our working capital needs;
- EBITDAre and Adjusted EBITDAre do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDAre and Adjusted EBITDAre do not reflect any cash requirements for these replacements; and
- Other companies in our industry may calculate EBITDAre and Adjusted EBITDAre differently than we do, limiting the usefulness as a comparative measure.

Because of these limitations, EBITDAre and Adjusted EBITDAre should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results of operations and using EBITDAre and Adjusted EBITDAre only as a supplemental measure of our performance.

The following table sets forth a reconciliation of our net income to our EBITDAre and Adjusted EBITDAre for the periods indicated below (unaudited):

	For the year ended December 31,		
($ in thousands)	**2019**	**2018**	**2017**
Net income (loss)	$ 14,850	$ 14,040	$ 9,158
Interest expense	19,588	18,799	13,561
Income tax expense	—	—	—
Depreciation and depletion	8,320	8,544	7,792
(Gain) loss on disposition of assets	(7,841)	(2,882)	200
EBITDAre	$ 34,917	$ 38,501	$ 30,711
Stock based compensation	1,527	1,653	1,409
Real estate related acquisition and due diligence costs	—	181	1,811
Adjusted EBITDAre	$ 36,444	$ 40,335	$ 33,931

Inflation

Most of our farming leases are two to three years for row crops and one to seven years for permanent crops, pursuant to which each tenant is responsible for substantially all of the operating expenses related to the property, including maintenance, water usage and insurance. As a result, we believe that the effect on us of inflationary increases in operating expenses may be offset in part by the operating expenses that are passed through to our tenants and by contractual rent increases because many of our leases will be renegotiated every one to five years. We do not believe that inflation has had a material impact on our historical financial position or results of operations.

Seasonality

Because the leases for a many of the properties in our portfolio require significant payments in advance of the spring planting season, we receive a significant portion of our cash rental payments in the first calendar quarter of each year, although we recognize rental revenue from these leases on a pro rata basis over the non-cancellable term of the lease in accordance with GAAP.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk includes risks that arise from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market-sensitive instruments. In pursuing our business strategies, the primary market risk to which we are exposed is interest rate risk. Our primary interest rate exposure will be the daily LIBOR. We may use fixed interest rate financing to manage our exposure to fluctuations in interest rates. On a limited basis, we also may use derivative financial instruments to manage interest rate risk. We will not use such derivatives for trading or other speculative purposes.

At December 31, 2019, $181.2 million, or 35%, of our debt had variable interest rates. Of our variable interest rate debt, $33.2 million represents the notional amount on an interest rate swap agreement with one of our lenders that expires in 2023. Assuming no increase in the level of our variable rate debt, if interest rates increased by 1.0%, or 100 basis points, our cash flow would decrease by approximately $0.4 million per year, net of the notional amount on the swap agreement. At December 31, 2019, LIBOR was approximately 190 basis points. Assuming no increase in the level of our variable rate debt, if LIBOR were reduced to 0 basis points, our cash flow would increase by approximately $4.1 million per year, net of the notional amount on the swap agreement.

Item 8. Financial Statements and Supplementary Data

Our consolidated financial statements and supplementary data are included as a separate section of this Annual Report on Form 10-K commencing on page F-1 and are incorporated herein by reference.

Item 9. Changes and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We have established disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

We have evaluated, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures. Based upon their evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of December 31, 2019, due to the existence of the material weakness in the Company's internal control over financial reporting described below, the Company's disclosure controls and procedures were not effective to provide reasonable assurance that information required to be disclosed by the Company in the reports filed or submitted by it under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and to provide reasonable assurance that information required to be disclosed by the Company in such reports is accumulated and communicated to the Company's management, including, our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Limitations on the Effectiveness of Controls

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management's Annual Report on Internal Controls over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2019 based on the 2013 framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In connection with the audit of our consolidated financial statements for the year ended December 31, 2019, our independent registered public accounting firm identified and communicated the following material weakness in our internal control over financial reporting.

- *Design and implementation of compensating controls* – The design and implementation of the Company's compensating controls relating to information technology general controls (ITGCs) in the areas of logical access, user administration, program change and information security policies over certain information technology (IT) systems that support the Company's financial reporting processes was inadequate. As a result, certain business process automated and manual controls that were dependent on the affected ITGCs were ineffective.

The material weakness described above was primarily caused by the Company's limited staffing during 2019 and did not result in any changes to our consolidated financial statements for any period.

As a result of the material weakness described above, management has concluded that, as of December 31, 2019, our internal control over financial reporting was not effective. Despite the existence of the material weakness described above, management believes that the consolidated financial statements and related notes included in this Annual Report on Form 10-K fairly presents in all material respects the Company's financial position, results of operations and cash flows for the fiscal year ended December 31, 2019.

The Company's internal control over financial reporting has been audited by Plante Moran LLP, an independent registered public accounting firm, as stated in their report, which is included elsewhere in this report.

Remediation of Material Weakness in Internal Controls over Financial Reporting

Our management, under the supervision of our Chief Executive Officer and Chief Financial Officer, and with the oversight of the audit committee of our Board of Directors, has undertaken a plan to remediate the material weakness identified above. Subsequent to December 31, 2019, and prior to the filing of this Annual Report on Form 10-K, we have identified a plan and begun to design and implement controls to adequately address this issue.

Changes in Internal Controls over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2020 Annual Meeting of Stockholders to be filed with the SEC no later than April 29, 2020.

Item 11. Executive Compensation

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2020 Annual Meeting of Stockholders to be filed with the SEC no later than April 29, 2020.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2020 Annual Meeting of Stockholders to be filed with the SEC no later than April 29, 2020.

Item 13. Certain Relationships and Related Transactions, and Director Independence

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2020 Annual Meeting of Stockholders to be filed with the SEC no later than April 29, 2020.

Item 14. Principal Accountant Fees and Services

This information is incorporated by reference from the Company's Proxy Statement with respect to the 2020 Annual Meeting of Stockholders to be filed with the SEC no later than April 29, 2020.

PART IV

Item 15. Exhibits and Financial Statement Schedules

The following is a list of documents filed as a part of this report:

(1) Financial Statements

Included herein at pages F-1 through F-39.

(2) Financial Statement Schedules

The following financial statement schedule is included herein at pages F-40 through F-47:

Schedule III—Combined Real Estate and Accumulated Depreciation

All other schedules for which provision is made in Regulation S-X are either not required to be included herein under the related instructions, are inapplicable or the related information is included in the footnotes to the applicable financial statement and, therefore, have been omitted.

(3) Exhibits

The exhibits required to be filed by Item 601 of Regulation S-K are listed in the Exhibit Index on pages 66, 67 and 68 of this report, which is incorporated by reference herein.

Item 16. Form 10-K Summary

The Company has elected to not include a summary.

Exhibit Index

Exhibit No	Description of Exhibit
3.1	Articles of Amendment and Restatement. (Incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-11/A, filed on March 24, 2014)
3.2	Articles Supplementary for Farmland Partners Inc. 6.00% Series B Participating Preferred Stock (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on August 16, 2017).
3.3	Second Amended and Restated Bylaws. (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on November 14, 2017)
4.1	Form of common stock certificate (Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-11/A, filed on March 11, 2014)
4.2	Form of Specimen Stock Certificate of 6.00% Series B Participating Preferred Stock (incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form 8-A, filed on August 16, 2017)
4.3*	Description of Securities Registered under Section 12 of the Exchange Act of Farmland Partners, Inc.
10.1	Second Amended and Restated Agreement of Limited Partnership of Farmland Partners Operating Partnership, LP, dated April 16, 2014. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on April 16, 2014)
10.2†	Farmland Partners Inc. Second Amended and Restated 2014 Equity Incentive Plan. (Incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-8, filed on May 5, 2015)
10.3†	Form of Restricted Stock Award Agreement for Executive Officers. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on March 9, 2018)
10.4†	Form of Restricted Stock Award Agreement for Directors. (Incorporated by reference to Exhibit 10.4 to the Company's Registration Statement on Form S-11/A, filed on March 11, 2014)
10.5	Indemnification Agreement by and between Farmland Partners Inc. and each of its directors and officers listed on Schedule A thereto. (Incorporated by reference to Exhibit 10.5 to the Company's Annual Report on Form 10-K filed March 13, 2019)
10.6†	Amended and Restated Employment Agreement, dated December 13, 2018, by and among Farmland Partners Inc., Farmland Partners Operating Partnership, LP and Paul A. Pittman. Incorporated by reference to Exhibit 10.6 to the Company's Annual Report on Form 10-K filed on March 13, 2019)
10.7†	Amended and Restated Employment Agreement, dated December 13, 2018, by and among Farmland Partners Inc., Farmland Partners Operating Partnership, LP and Luca Fabbri. (Incorporated by reference to Exhibit 10.7 to the Company's Annual Report on Form 10-K filed on March 13, 2019)
10.8	Amended and Restated Pledge and Security Agreement, dated as of March 1, 2015, by and among Farmland Partners Inc., Farmland Partners Operating Partnership, LP, Farmer Mac Mortgage Securities Corporation and Federal Agricultural Mortgage Corporation. (Incorporated by Reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on June 5, 2015)
10.9	Amended and Restated Bond Purchase Agreement, dated as of March 1, 2015, by and among Farmland Partners Inc., Farmland Partners Operating Partnership, LP, Farmer Mac Mortgage Securities Corporation and Federal Agricultural Mortgage Corporation. (Incorporated by Reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 5, 2015)
10.10	Amendment No. 1 to the Amended and Restated Bond Purchase Agreement, dated as of June 2, 2015, by and among Farmland Partners Inc., Farmland Partners Operating Partnership, LP, Farmer Mac Mortgage Securities Corporation and Federal Agricultural Mortgage Corporation. (Incorporated by Reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on June 5, 2015)
10.11	Amendment No. 2 to the Amended and Restated Bond Purchase Agreement, dated as of August 3, 2015. (Incorporated by reference to Exhibit 10.26 to the Company's Annual Report on Form 10-K filed on February 23, 2017)
10.12	Amendment No.1 to the Second Amended and Restated Agreement of Limited Partnership of Farmland Partners Operating Partnership, LP (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 3, 2016)

10.13	Security Holder's Agreement, dated as of March 2, 2016, by and among Forsythe Family Farms, Inc., Gerald R. Forsythe, Forsythe-Fournier Farms, LLC, Forsythe-Fawcett Farms, LLC, Forsythe-Bernadette Farms, LLC, Forsythe Land Company, Forsythe Family Farms, L.P., Forsythe Family Farms II, L.P., and Forsythe-Breslow Farms, LLC and Farmland Partners Inc. (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on March 3, 2016)
10.14	Amendment No. 1 to the Contribution Agreement, dated February 22, 2016, by and among Farmland Partners Inc., Farmland Partners Operating Partnership, LP, FPI Illinois I LLC, and FPI Illinois II, LLC and Forsythe Family Farms, Inc., Gerald R. Forsythe, Forsythe-Fournier Farms, LLC, Forsythe-Fawcett Farms, LLC, Forsythe-Bernadette Farms, LLC, Forsythe Land Company, Forsythe Family Farms, L.P., Forsythe Family Farms II, L.P., and Forsythe-Breslow Farms, LLC. (Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on May 10, 2016)
10.15	Loan Agreement, dated as of March 29, 2016, between FPI Illinois I LLC, FPI Illinois II LLC, Cottonwood Valley Land LLC, PH Farms LLC and FPI Properties LLC and Metropolitan Life Insurance Company. (Incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q filed on May 10, 2016)
10.16	Guaranty, dated as of March 29, 2016, by Farmland Partners Operating Partnership, LP in favor of Metropolitan Life Insurance Company. (Incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q filed on May 10, 2016)
10.17†	Amended and Restated Employment Agreement, dated as of February 6, 2019, by and among Farmland Partners Inc., Farmland Partners Operating Partnership, LP and Erica Borenstein. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 12, 2019)
10.18	Registration Rights Agreement, dated as of February 2, 2017, by and between Farmland Partneres Inc. and each of the holders named therein. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 3, 2017)
10.19	Amended and Restated Sub-Advisory Agreement, by and among American Farmland Company, American Farmland Company L.P., American Farmland Advisor LLC and Prudential Mortgage Capital Company, LLC. (Incorporated by reference to Exhibit 10.7 to American Farmland Company's Registration Statement on Form S-11 (File No. 333-205260) filed on June 26, 2015)
10.20	Loan Agreement, dated as of December 5, 2013, by and between American Farmland Company L.P. and Rutledge Investment Company. (Incorporated by reference to Exhibit 10.28 to American Farmland Company's Annual Report on Form 10-K filed on March 30, 2016)
10.21	Loan Agreement, dated as of January 14, 2015, by and between American Farmland Company L.P. and Rutledge Investment Company. (Incorporated by reference to Exhibit 10.29 to American Farmland Company's Annual Report on Form 10-K filed on March 30, 2016)
10.22	Loan Agreement, dated as of August 18, 2015, by and between American Farmland Company L.P. and Rutledge Investment Company. (Incorporated by reference to Exhibit 10.30 to American Farmland Company's Annual Report on Form 10-K filed on March 30, 2016)
10.23	Loan Agreement, dated as of December 22, 2015, by and between American Farmland Company L.P. and Rutledge Investment Company. (Incorporated by reference to Exhibit 10.1 to American Farmland Company's Current Report on Form 8-K filed on December 29, 2015)
10.24	Amendment to Loan Agreements, dated as of December 22, 2015, by and between American Farmland Company L.P. and Rutledge Investment Company. (Incorporated by reference to Exhibit 10.2 to American Farmland Company's Current Report on Form 8-K filed on December 29, 2015)
10.25	Second Amendment to Loan Agreements, dated as of February 3, 2017, by and between American Farmland Company L.P. and Rutledge Investment Company. (Incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed on February 3, 2017)
10.26	Guaranty, dated as of February 3, 2017, by and between Farmland Partners Inc. and Ruledge Investment Company. (Incorporated by reference to Exhibit 10.9 to the Company's Current Report on Form 8-K filed on February 3, 2017)
10.27	Guaranty, dated as of February 3, 2017, by and between Farmland Partners Operating Partnership, LP and Rutledge Investment Company. (Incorporated by reference to Exhibit 10.10 to the Company's Current Report on Form 8-K filed on February 3, 2017)

10.28	Loan Agreement, dated as of February 3, 2017, by and between American Farmland Company L.P and Rutledge Investment Company. (Incorporated by reference to Exhibit 10.11 to the Company's Current Report on Form 8-K filed on February 3, 2017)
10.29	Guaranty, dated as of February 3, 2017, by and between Farmland Partners Inc. and Rutledge Investment Company. (Incorporated by reference to Exhibit 10.12 to the Company's Current Report on Form 8-K filed on February 3, 2017)
10.30	Guaranty, dated as of February 3, 2017, by and between Farmland Partners Operating Partnership, LP and Rutledge Investment Company. (Incorporated by reference to Exhibit 10.13 to the Company's Current Report on Form 8-K filed on February 3, 2017)
10.31	Second Amended and Restated Farmland Partners Inc. 2014 Equity Incentive Plan (Incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-8 filed on May 4, 2017)
10.32	Amendment No. 2 to the Second Amended and Restated Partnership Agreement of Farmland Partners Operating Partnership, LP (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 16, 2017)
10.33	Amendment No. 3 to the Second Amended and Restated Partnership Agreement of Farmland Partners Operating Partnership, LP (Incorporated by reference to Exhibit 10.1 the Company's Quarterly Report on Form 10-Q filed November 12, 2019).
10.34	Lease Agreement, dated November 17, 2017, by and between Arnold (CA) LLC and Olam Farming, Inc. (Incorporated by reference to Exhibit 10.40 to the Company's Annual Report on Form 10-K filed March 15, 2019).
16.1	Letter of PricewaterhouseCoopers LLP to the Securities and Exchange Commission dated March 12, 2018. (Incorporated by reference to Exhibit 16.1 to the Company's Current Report on Form 8-K filed on March 12, 2018).
16.2	Letter of Concurrence from EKS&H LLLP, dated October 4, 2018. (Incorporated by reference to the Company's Current Report on Form 8-K filed on October 4, 2018).
21.1*	List of subsidiaries.
23.1*	Consent of Plante Moran, PLLC.
23.2*	Consent of PricewaterhouseCoopers, LLP
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase*
101.DEF	XBRL Taxonomy Extension Definition Linkbase*
101.LAB	XBRL Taxonomy Extension Label Linkbase*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase*

* Filed herewith
† Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 13, 2020

FARMLAND PARTNERS INC.

By: /s/ Paul A. Pittman
Paul A. Pittman
Executive Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Paul A. Pittman Paul A. Pittman	Executive Chairman, President and Chief Executive Officer (principal executive officer)	March 13, 2020
/s/ Luca Fabbri Luca Fabbri	Chief Financial Officer (principal financial officer and principal accounting officer)	March 13, 2020
/s/ Chris A. Downey Chris A. Downey	Director	March 13, 2020
/s/ Joseph W. Glauber Joseph W. Glauber	Director	March 13, 2020
/s/ John A. Good John A. Good	Director	March 13, 2020

Farmland Partners Inc.

FORM 10-K FOR THE YEAR ENDED December 31, 2019

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Note: All other schedules have been omitted because the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the financial statements or notes thereto.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Farmland Partners, Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Farmland Partners, Inc. (the "Company") as of December 31, 2019 and 2018 the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2019, and the related notes and schedule (collectively referred to as the "financial statements"). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and our report dated March 12, 2020 expressed an adverse opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Plante & Moran, PLLC

We have served as the Company's auditor since 2018.
Denver, Colorado

March 12, 2020

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Farmland Partners, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Farmland Partners, Inc. (the "Company") internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion, because of the material weakness described below on the achievement of objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of December 31, 2019 and 2018, and the related consolidated statements of operations and comprehensive income, stockholders' equity, and cash flows for each of the two years in the period ended December 31, 2019, and the related notes (collectively referred to as the "financial statements") and our report dated March 12, 2020, expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A, Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of internal control over financial reporting in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment:

There were ineffective information technology general controls (ITGCs) in the areas of logical access, user administration, program change and information security policies over certain information technology (IT) systems that support the Company's financial reporting processes. As a result, certain business process automated and manual controls that were dependent on the affected ITGCs were ineffective because they could have been adversely impacted.

This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2019 financial statements, and this report does not affect our report dated March 12, 2020, on those financial statements.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Plante & Moran, PLLC

Denver, Colorado

March 12, 2020

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Farmland Partners Inc.:

Opinion on the Financial Statements

We have audited the consolidated statements of operations, equity, and cash flows of Farmland Partners Inc. and its subsidiaries (the "Company") for the year ended December 31, 2017, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the results of operations and cash flows of the Company for the year ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Denver, CO
March 2, 2018

We served as the Company's auditor from 2013 to 2018.

Farmland Partners Inc.
Consolidated Balance Sheets
($ in thousands, except par value and share data)

	December 31,	
	2019	**2018**
ASSETS		
Land, at cost	$ 937,813	957,516
Grain facilities	12,091	12,184
Groundwater	11,473	11,473
Irrigation improvements	53,871	53,458
Drainage improvements	12,674	12,271
Permanent plantings	52,089	52,989
Other	7,827	8,196
Construction in progress	11,911	10,262
Real estate, at cost	1,099,749	1,118,349
Less accumulated depreciation	(25,277)	(18,202)
Total real estate, net	1,074,472	1,100,147
Deposits	1	—
Cash	12,561	16,891
Notes and interest receivable, net	4,767	11,877
Right of Use Asset	73	—
Deferred offering costs	—	218
Deferred financing fees, net	174	261
Accounts receivable, net	5,515	6,136
Inventory	1,550	341
Prepaid expenses and other assets	3,440	3,638
TOTAL ASSETS	$ 1,102,553	$ 1,139,509
LIABILITIES AND EQUITY		
LIABILITIES		
Mortgage notes and bonds payable, net	$ 511,403	523,641
Lease Liability	73	—
Dividends payable	1,593	1,681
Derivative liability	1,644	865
Accrued interest	3,111	4,296
Accrued property taxes	1,873	1,666
Deferred revenue	71	238
Accrued expenses	5,868	3,581
Total liabilities	525,636	535,968
Commitments and contingencies (See Note 8)		
Series B Participating Preferred Stock, $0.01 par value, 6,037,500 shares authorized; 5,972,059 shares issued and outstanding at December 31, 2019, and 6,013,587 shares issued and outstanding at December 31, 2018	142,861	143,758
Redeemable non-controlling interest in operating partnership, preferred units	120,510	120,510
EQUITY		
Common stock, $0.01 par value, 500,000,000 shares authorized; 29,952,608 shares issued and outstanding at December 31, 2019, and 30,594,592 shares issued and outstanding at December 31, 2018	292	300
Additional paid in capital	338,387	332,996
Retained earnings	6,251	4,852
Cumulative dividends	(48,784)	(42,695)
Other comprehensive income	(1,644)	(865)
Non-controlling interests in operating partnership	19,044	44,685
Total equity	313,546	339,273
TOTAL LIABILITIES, REDEEMABLE NON-CONTROLLING INTEREST IN OPERATING PARTNERSHIP AND EQUITY	$ 1,102,553	$ 1,139,509

See accompanying notes.

Farmland Partners Inc.
Consolidated Statements of Operations
(in thousands, except per share amounts)

	For the Years Ended December 31, 2019	2018	2017
OPERATING REVENUES			
Rental income	$ 48,119	$ 51,185	$ 42,956
Tenant reimbursements	3,146	3,158	1,909
Crop Sales	978	410	799
Other revenue	1,321	1,316	555
Total operating revenues	53,564	56,069	46,219
OPERATING EXPENSES			
Depreciation and depletion	8,320	8,544	7,792
Property operating expenses	7,897	7,834	5,897
Cost of goods sold	927	125	361
Acquisition and due diligence costs	6	180	930
General and administrative expenses	6,102	7,352	7,258
Legal and accounting	3,971	2,330	1,453
Other operating expenses	4	11	—
Total operating expenses	27,227	26,376	23,691
OPERATING INCOME	26,337	29,693	22,528
OTHER (INCOME) EXPENSE:			
Other income	(260)	(264)	(391)
(Gain) loss on disposition of assets	(7,841)	(2,882)	200
Interest expense	19,588	18,799	13,561
Total other expense	11,487	15,653	13,370
Net income before income tax expense	14,850	14,040	9,158
Income tax expense	—	—	—
NET INCOME	14,850	14,040	9,158
Net income attributable to non-controlling interest in operating partnership	(964)	(1,786)	(1,244)
Net income attributable to redeemable non-controlling interest in operating partnership	—	—	—
Net income attributable to the Company	$ 13,886	$ 12,254	$ 7,914
Nonforfeitable distributions allocated to unvested restricted shares	(77)	(111)	(151)
Distributions on redeemable non-controlling interests in operating partnership, preferred units	(12,485)	(12,563)	(6,856)
Net (loss) income available to common stockholders of Farmland Partners Inc.	$ 1,324	$ (420)	$ 907
Basic and diluted per common share data:			
Basic net (loss) income available to common stockholders	$ 0.04	$ (0.01)	0.03
Diluted net (loss) income available to common stockholders	$ 0.04	$ (0.01)	0.03
Distributions declared per common share	$ 0.2000	$ 0.3550	0.5100
Basic weighted average common shares outstanding	30,169	32,162	31,210
Diluted weighted average common shares outstanding	30,169	32,162	31,210

See accompanying notes.

Farmland Partners Inc.
Consolidated Statements of Comprehensive Income (Loss)
(in thousands)

	For the Twelve Months Ended December 31,		
	2019	2018	2017
Net Income (loss)	$ 14,850	$ 14,040	$ 9,158
Net change associated with current period hedging activities	(779)	(865)	—
Comprehensive Income	14,071	13,175	9,158
Comprehensive income attributable to non-controlling interests	(964)	(1,786)	(1,244)
Net income (loss) attributable to Farmland Partners Inc.	$ 13,107	$ 11,389	$ 7,914

Farmland Partners Inc.
Consolidated Statements of Equity
(in thousands)

	Stockholders' Equity							
	Common Stock							
	Shares	Par Value	Additional Paid-in Capital	Retained Earnings (Deficit)	Cumulative Dividends	Other Comprehensive Income	Non-controlling Interest in Operating Partnership	Total Equity
Balance at December 31, 2016	17,351	172	172,100	4,103	(14,473)	—	53,692	215,594
Net income	—	—	—	7,914	—	—	1,244	9,158
Grant of unvested restricted stock	205	—	—	—	—	—	—	—
Costs incurred related to offerings	—	—	(120)	—	—	—	—	(120)
Conversion of Common units to shares of common stock	2,092	21	20,620	—	—	—	(20,641)	—
Stock based compensation	—	—	1,409	—	—	—	—	1,409
Dividends accrued or paid	—	—	—	(6,856)	(16,726)	—	(3,000)	(26,582)
Issuance of common stock as partial consideration for asset acquisition and business combination	14,815	148	168,835	—	—	—	—	168,983
Issuance of Common units as partial consideration for business combination	—	—	—	—	—	—	2,493	2,493
Issuance of Common units as partial consideration for asset acquisitions	—	—	—	—	—	—	10,033	10,033
Repurchase and cancellation of shares	(1,120)	(11)	(9,989)	—	—	—	—	(10,000)
Forfeiture of unvested restricted stock	(9)	(1)	(16)	—	—	—	—	(17)
Adjustment to non-controlling interest resulting from changes in ownership of the Operating Partnership	—	—	(2,692)	—	—	—	2,692	—
Balance at December 31, 2017	33,334	329	350,147	5,161	(31,199)	—	46,513	370,951
Net income	—	—	—	12,254	—	—	1,786	14,040
Costs in association with shelf offering, net of costs of $218	—	—	(218)	—	—	—	—	(218)
Grant of unvested restricted stock	162	—	—	—	—	—	—	—
Forfeiture of unvested restricted stock	(11)	(1)	(4)	—	—	—	—	(5)
Stock based compensation	—	—	1,653	—	—	—	—	1,653
Dividends accrued or paid	—	—	—	(12,563)	(11,496)	—	(1,627)	(25,686)
Conversion of common units to shares of common stock	157	2	1,542	—	—	—	(1,544)	—
Net change associated with current period hedging transactions						(865)		(865)
Repurchase and cancellation of shares	(3,048)	(30)	(20,567)	—	—	—	—	(20,597)
Adjustment to non-controlling interest resulting from changes in ownership of the Operating Partnership	—	—	443	—	—	—	(443)	—
Balance at December 31, 2018	30,594	300	332,996	4,852	(42,695)	(865)	44,685	339,273
Net income	—	—	—	13,885	—	—	965	14,850
Issuance of stock (write off of deferred offering costs)	—	—	(218)	—	—	—	—	(218)
Grant of unvested restricted stock	226	—	—	—	—	—	—	—
Forfeiture of unvested restricted stock	(25)	—	(99)	—	—	—	—	(99)
Stock based compensation	2	—	1,527	—	—	—	—	1,527
Dividends accrued or paid	—	—	—	(12,486)	(6,089)	—	(430)	(19,005)
Conversion of common units to shares of common stock	2,678	27	26,217	—	—	—	(26,244)	—
Net change associated with current period hedging transactions	—	—	—	—	—	(779)	—	(779)
Repurchase and cancellation of shares	(3,523)	(35)	(21,968)	—	—	—	—	(22,003)
Adjustment to non-controlling interest resulting from changes in ownership of the Operating Partnership	—	—	(68)	—	—	—	68	—
Balance at December 31, 2019	29,952	$ 292	$ 338,387	$ 6,251	$ (48,784)	$ (1,644)	$ 19,044	$ 313,546

See accompanying notes.

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Farmland Partners Inc.
Consolidated Statements of Cash Flows
(in thousands)

	For the Years Ended December 31, 2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 14,850	$ 14,040	$ 9,158
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and depletion	8,320	8,544	7,792
Amortization of discounts/premiums on debt	321	353	227
Amortization of net origination fees related to notes receivable	(1)	(5)	(16)
Amortization of below market leases	—	—	—
Stock based compensation, net of forfeitures	1,428	1,649	1,392
(Gain) loss on disposition of assets	(7,841)	(2,882)	200
Bad debt expense	542	876	300
Changes in operating assets and liabilities:			
Increase in accounts receivable	1,260	(422)	(1,105)
Decrease (increase) in interest receivable	(806)	(484)	(331)
Increase in other assets	(103)	(1,029)	(892)
(Increase) decrease in inventory	(1,264)	(216)	257
Increase in accrued interest payable	(1,242)	1,103	1,655
(Increase) decrease in accrued expenses	2,417	2,139	(15,307)
(Decrease) in deferred revenue	(114)	(3,881)	(2,164)
(Increase) decrease in accrued property taxes	227	218	(237)
Net cash provided by operating activities	17,994	20,003	929
CASH FLOWS FROM INVESTING ACTIVITIES			
Real estate acquisitions	(1,403)	(33,154)	(206,166)
Real estate improvements	(6,583)	(12,785)	(21,576)
Principal receipts on notes receivable	6,679	4,852	—
Issuance of notes receivable	(1,781)	(6,662)	(6,570)
Casualty loss insurance recovery	—	(8)	205
Proceeds from sale of property	34,140	31,893	—
Net cash used in investing activities	31,052	(15,864)	(234,107)
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings from mortgage notes payable	—	21,000	212,190
Repayments on mortgage notes payable	(11,385)	(11,508)	(81,219)
Proceeds from underwritten public offering	—	(157)	—
Common stock repurchased	(22,003)	(20,598)	(10,000)
Participating preferred stock repurchased	(896)	(465)	—
Payment of offering costs	—	—	(573)
Payment of debt issuance costs	—	(204)	(1,293)
Proceeds from issuance of Series B participating preferred shares	—	—	144,523
Dividends on common stock	(6,177)	(14,433)	(14,688)
Dividends on Series A preferred units	(3,510)	(3,510)	(2,915)
Dividends on Series B participating preferred stock	(8,975)	(9,053)	(3,346)
Distributions to non-controlling interest in operating partnership	(430)	(1,856)	(3,131)
Net cash provided by (used in) financing activities	(53,376)	(40,784)	239,548
NET (DECREASE) INCREASE IN CASH	(4,330)	(36,645)	6,370
CASH, BEGINNING OF PERIOD	16,891	53,536	47,166
CASH, END OF PERIOD	$ 12,561	$ 16,891	$ 53,536
Cash paid during period for interest	$ 20,593	$ 17,037	$ 11,827
Cash paid during period for taxes	$ —	$ —	$ —

Farmland Partners Inc.
Consolidated Statements of Cash Flows (continued)
(in thousands)

	For the Years Ended December 31,		
	2019	2018	2017
SUPPLEMENTAL NON-CASH INVESTING AND FINANCING TRANSACTIONS:			
Dividends payable, common stock	$ 1,498	$ 1,530	$ 4,243
Distributions payable, common units	$ 95	$ 229	$ 604
Preferred Unit distributions accrued	$ 3,510	$ 3,510	$ 3,510
Preferred Share distributions accrued	$ 2,240	$ —	$ —
Deferred offering costs amortized through equity in the period	$ 218	$ —	$ 420
Additions to real estate improvements included in accrued expenses	$ —	$ 350	$ 1,375
Issuance of equity and contributions from redeemable non-controlling interests and non-controlling interest in operating partnership in conjunction with acquisitions	$ —	$ —	$ 181,509
Right of use asset/lease liability	$ 197	$ —	$ —
Other assets acquired in business combination	$ —	$ —	$ 1,759
Accounts receivable acquired in acquisitions	$ —	$ —	$ 896
Property tax liability assumed in acquisitions	$ —	$ (15)	$ 596
Deferred financing costs included in accrued expenses	$ —	$ —	$ 16
Offering costs included in accrued expenses	$ —	$ —	$ 13
Settlement of outstanding notes receivable	$ —	$ 802	$ —
Settlement of outstanding notes receivable with property acquisitions	$ 1,895	$ —	$ —

See accompanying notes.

Farmland Partners Inc.
Notes to Consolidated Financial Statements

Note 1–Organization and Significant Accounting Policies

Organization

Farmland Partners Inc., collectively with its subsidiaries (the "Company"), is an internally managed real estate company that owns and seeks to acquire high-quality farmland located in agricultural markets throughout North America. The Company was incorporated in Maryland on September 27, 2013. The Company is the sole member of the general partner of Farmland Partners Operating Partnership, LP (the "Operating Partnership"), which was formed in Delaware on September 27, 2013. As of December 31, 2019, the Company owned a portfolio of approximately 158,500 acres which are consolidated in these financial statements. All of the Company's assets are held by, and its operations are primarily conducted through, the Operating Partnership and the wholly owned subsidiaries of the Operating Partnership. As of December 31, 2019, the Company owned an 94.0% interest in the Operating Partnership (see "Note 9—Stockholders' Equity and Non-controlling Interests" for additional discussion regarding Class A Common units of limited partnership interest in the Operating Partnership ("Common units"), Series A preferred units of limited partnership interest in the Operating Partnership ("Series A preferred units") and Series B participating preferred units of limited partnership interest in the Operating Partnership ("Series B participating preferred units")). Unlike holders of the Company's common stock, holders of Common units and Series A preferred units generally do not have voting rights or the power to direct our affairs. On August 17, 2017, the Company issued 6,037,500 shares of its newly designated 6.00% Series B Participating Preferred Stock, $0.01 par value per share (the "Series B Participating Preferred Stock") in an underwritten public offering. Shares of Series B Participating Preferred Stock, which represent equity interests in the Company, generally have no voting rights and rank senior to the Company's common stock with respect to dividend rights and rights upon liquidation (See "Note 9—Stockholders' Equity—Series B Participating Preferred Stock" for more information on the Series B Participating Preferred Stock).

The Company elected to be taxed as a real estate investment trust ("REIT"), under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"), commencing with its short taxable year ended December 31, 2014.

On March 16, 2015, the Company formed FPI Agribusiness Inc., a wholly owned subsidiary (the "TRS" or "FPI Agribusiness"), as a taxable REIT subsidiary. The TRS was formed to provide volume purchasing services to the Company's tenants and also to operate a small scale custom farming business. As of December 31, 2019, the TRS performs these custom farming operations on 1,857 acres of farmland owned by the Company located in California, Florida, and Michigan.

All references to numbers and percent of acres within this report are unaudited.

AFCO Mergers

On February 2, 2017, the Company completed a merger with American Farmland Company ("AFCO") at which time one of the Company's wholly owned subsidiaries was merged with and into American Farmland Company L.P. ("AFCO OP") with AFCO OP surviving as a wholly owned subsidiary of the Operating Partnership (the "Partnership Merger"), and AFCO merged with and into another one of our wholly owned subsidiaries with such wholly owned subsidiary surviving (the "Company Merger" and together with the Partnership Merger, the "AFCO Mergers").

At the effective time of the Company Merger, each share of common stock of AFCO, par value $0.01 per share ("AFCO Common Stock"), issued and outstanding immediately prior to the effective time of the Company Merger (other than any shares of AFCO Common Stock owned by any wholly owned subsidiary of AFCO or by the Company or the Operating Partnership or any wholly owned subsidiary of the Company or the Operating Partnership), was automatically converted into the right to receive, subject to certain adjustments, 0.7417 shares of the Company's common stock (the "Company Merger Consideration"). In addition, in connection with the Company Merger, each outstanding AFCO restricted stock unit that had become fully earned and vested in accordance with its terms was, at the effective time of the

Farmland Partners Inc.
Notes to Consolidated Financial Statements (Continued)

Company Merger, converted into the right to receive the Company Merger Consideration. The Company issued 14,763,604 shares of its common stock as consideration in the Company Merger, 17,373 shares of its common stock in respect of fully earned and vested AFCO restricted stock units, and 218,535 Common units in connection with the Partnership Merger at a share price of $11.41 per share on the date of the merger for a total consideration of $171.1 million, net of $75.0 million in assumed debt.

Principles of Combination and Consolidation

The accompanying consolidated financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") and include the accounts of the Company and the Operating Partnership. All significant intercompany balances and transactions have been eliminated in consolidation. Certain prior year amounts have been reclassified to conform to the presentation used in 2019. Such reclassification had no effect on net income or total equity.

The Company's financial condition as of December 31, 2019 and 2018, and the results of operations for the years ended December 31, 2019, 2018 and 2017, reflect the financial condition and results of operations of the Company.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates.

Real Estate Acquisitions

When the Company acquires farmland where substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets it is not considered a business. As such, the Company accounts for these types of acquisitions as asset acquisitions. When substantially all of the fair value of the gross assets acquired is not concentrated in a single identifiable asset or a group of similar assets and contains acquired inputs, processes and outputs, these acquisitions are accounted for as a business combination.

The Company considers single identifiable assets as tangible assets that are attached to and cannot be physically removed and used separately from another tangible asset without incurring significant cost or significant diminution in utility or fair value. The Company considers similar assets as assets that have a similar nature and risk characteristics.

Whether the Company's acquisitions are treated as an asset acquisition under ASC 360 or a business combination under ASC 805, the fair value of the purchase price is allocated among the assets acquired and any liabilities assumed by valuing the property as if it was vacant. The "as-if-vacant" value is allocated to land, buildings, improvements, permanent plantings and any liabilities, based on management's determination of the relative fair values of such assets and liabilities as of the date of acquisition.

Upon acquisition of real estate, the Company allocates the purchase price of the real estate based upon the fair value of the assets and liabilities acquired, which historically have consisted of land, drainage improvements, irrigation improvements, groundwater, permanent plantings (bushes, shrubs, vines, and perennial crops), and grain facilities, and may also consist of intangible assets including in-place leases, above market and below market leases, and tenant relationships. The Company allocates the purchase price to the fair value of the tangible assets by valuing the land as if it were unimproved. The Company values improvements, including permanent plantings and grain facilities, at replacement cost, adjusted for depreciation.

Farmland Partners Inc.
Notes to Consolidated Financial Statements (Continued)

Management's estimates of land value are made using a comparable sales analysis. Factors considered by management in its analysis of land value include soil types and water availability and the sales prices of comparable farms. Management's estimates of groundwater value are made using historical information obtained regarding the applicable aquifer. Factors considered by management in its analysis of groundwater value are related to the location of the aquifer and whether or not the aquifer is a depletable resource or a replenishing resource. If the aquifer is a replenishing resource, no value is allocated to the groundwater. The Company includes an estimate of property taxes in the purchase price allocation of acquisitions to account for the expected liability that was assumed.

When above or below market leases are acquired in a business acquisition, the Company values the intangible assets based on the present value of the difference between prevailing market rates and the in-place rates measured over a period equal to the remaining term of the lease for above market leases and the initial term plus the term of any below market fixed rate renewal options for below market leases that are considered bargain renewal options. The above market lease values are amortized as a reduction of rental income over the remaining term of the respective leases. The fair value of acquired below market leases, included in deferred revenue on the accompanying consolidated balance sheets, is amortized as an increase to rental income on a straight-line basis over the remaining non-cancelable terms of the respective leases, plus the terms of any below market fixed rate renewal options that are considered bargain renewal options of the respective leases. As of December 31, 2018, all below market leases had been fully amortized, with amortization totaling $0.0 million recorded in the twelve months ended December 31, 2019.

As of December 31, 2019 and 2018, the Company had $1.3 million and $1.3 million, respectively, recorded for tenant relationship intangibles with total accumulated amortization and amortization expense of $1.2 million and $1.0 million, respectively. The purchase price is allocated to in-place lease values and tenant relationships, if they are acquired in a business acquisition, based on the Company's evaluation of the specific characteristics of each tenant's lease, availability of replacement tenants, probability of lease renewal, estimated down time, and its overall relationship with the tenant. The value of in-place lease intangibles and tenant relationships will be included as an intangible asset and will be amortized over the remaining lease term (including expected renewal periods of the respective leases for tenant relationships) as amortization expense. If a tenant terminates its lease prior to its stated expiration, any unamortized amounts relating to that lease, including (i) above and below market leases, (ii) in-place lease values, and (iii) tenant relationships, would be recorded to revenue or expense as appropriate at the termination date.

The Company capitalizes acquisition costs and due diligence costs if the asset is expected to qualify as an asset acquisition. If the asset acquisition is abandoned, the capitalized asset acquisition costs will be expensed to acquisition and due diligence costs in the period of abandonment. Costs associated with a business combination are expensed to acquisition and due diligence costs as incurred.

Total consideration for acquisitions may include a combination of cash and equity securities. When equity securities are issued, the Company determines the fair value of the equity securities issued based on the number of shares of common stock and Common units issued multiplied by the stock price on the date of closing in the case of common stock and Common units and by liquidation preference in the case of preferred stock and preferred units.

Using information available at the time of a business combination, the Company allocates the total consideration to tangible assets and liabilities and identified intangible assets and liabilities. During the measurement period, which may be up to one year from the acquisition date, the Company may adjust the preliminary purchase price allocations after obtaining more information about assets acquired and liabilities assumed at the date of acquisition.

Real Estate Sales

The Company recognizes gains from the sales of real estate assets, generally at the time the title is transferred, consideration is received and the Company no longer has substantial continuing involvement with the real estate sold.

Farmland Partners Inc.
Notes to Consolidated Financial Statements (Continued)

Liquidity Policy

The Company manages its liquidity position and expected liquidity needs taking into consideration current cash balances and reasonably expected cash receipts. The business model of the Company, and of real estate investment companies in general, relies on debt as a structural source of financing. When debt becomes due, it is generally refinanced rather than repaid using the Company's cash flow from operations. As of December 31, 2019 the Company had liquidity requirements which were not anticipated to be funded from ongoing operating cash flows in the foreseeable future which were largely impacted by debt repayments which are coming due in 2020. When material debt repayments are due within the following 12 months, the Company works with current and new lenders and other potential sources of capital to ensure that all its obligations are timely satisfied. The Company has a history of being able to refinance its debt obligations to manage its debt maturities. Furthermore, the Company also has a deep portfolio of real estate assets which management believes could be readily liquidated if necessary to fund its immediate liquidity needs. Managements first course of action is to work with its lenders to refinance debt which is coming due on terms acceptable to the Company. In the event the Company is unsuccessful in refinancing its debt on terms acceptable to the Company, management would look to liquidate certain assets to fund its liquidity shortfall. Management believes its plans are sufficient to overcome the liquidity pressures which existed at December 31, 2019.

Real Estate

The Company's real estate consists of land, groundwater and improvements made to the land consisting of permanent plantings, grain facilities, irrigation improvements, drainage improvements and other improvements. The Company records real estate at cost and capitalizes improvements and replacements when they extend the useful life or improve the efficiency of the asset. Construction in progress includes the costs to build new grain storage facilities and install new pivots, drainage and wells on newly acquired farms. The Company begins depreciating assets when the asset is ready for its intended use.

The Company expenses costs of repairs and maintenance at the time such costs are incurred. The Company computes depreciation and depletion for assets classified as improvements using the straight-line method over their estimated useful lives as follows:

	Years
Grain facilities	10 - 40
Irrigation improvements	2 - 40
Drainage improvements	20 - 65
Groundwater	3 - 50
Permanent plantings	13 - 40
Other	5 - 40

The Company periodically evaluates the estimated useful lives for groundwater based on current state water regulations and depletion levels of the aquifers.

When a sale occurs, the Company recognizes the associated gain or loss when all consideration has been transferred, the sale has closed and there is no material continuing involvement. If a sale is expected to generate a loss, the Company first assesses it through the impairment evaluation process—see ''Impairment of Real Estate Assets'' below.

Impairment of Real Estate Assets

The Company evaluates its tangible and identifiable intangible real estate assets for impairment indicators whenever events such as declines in a property's operating performance, deteriorating market conditions or environmental or legal concerns bring recoverability of the carrying value of one or more assets into question. If such events are present, the Company projects the total undiscounted cash flows of the asset, including proceeds from disposition, and compares them

Farmland Partners Inc.
Notes to Consolidated Financial Statements (Continued)

to the net book value of the asset. If this evaluation indicates that the carrying value may not be recoverable, an impairment loss is recorded in earnings equal to the amount by which the carrying value exceeds the fair value of the asset. There have been no impairments recognized on real estate assets in the accompanying financial statements.

Cash

The Company's cash at December 31, 2019 and 2018 was held in the custody of three financial institutions, and the Company's balance at any given financial institution may at times exceed federally insurable limits. The Company monitors balances with individual financial institutions to mitigate risks relating to balances exceeding such limits.

Debt Issuance Costs

Costs incurred by the Company in obtaining debt are deducted from the face amount of mortgage notes and bonds payable, net except for those costs relating to the Company's lines of credit which are recognized as an asset within deferred financing fees, net. During the year ended December 31, 2019, the Company did not incur any costs in connection with the issuance of debt. During the year ended December 31, 2018, $0.2 million in costs were incurred in connection with the MetLife Term Loan 9, (as defined in "Note 7—Mortgage Notes, Lines of Credit and Bonds Payable, net"). Debt issuance costs are amortized using the straight-line method, which approximates the effective interest method, over the terms of the related indebtedness. Any unamortized amounts upon early repayment of mortgage notes payable are written off in the period in which repayment occurs. Fully amortized deferred financing fees are removed from the books upon maturity or repayment of the underlying debt. The Company recorded amortization expense of $0.3 million for each of the years ended December 31, 2019, 2018 and 2017, respectively, which is included in interest expense in the accompanying Consolidated Statements of Operations. Accumulated amortization of deferred financing fees was $1.0 million and $0.7 million as of December 31, 2019 and 2018, respectively.

Notes and Interest Receivable

Notes receivable are stated at their unpaid principal balance and include unamortized direct origination costs, prepaid interest and accrued interest through the reporting date, less any allowance for losses and unearned borrower paid points.

Management determines the appropriate classification of debt securities at the time of issuance and reevaluates such designation as of each balance sheet date. As of December 31, 2019, the Company had issued six notes under the FPI Loan Program and have designated each of the notes receivable as loans. Loans are stated at amortized cost, adjusted for amortization of premiums and accretion of discounts to maturity computed under the straight-line method, which approximates the effective interest method. Such amortization, including interest, is included in other revenue within our Consolidated Statements of Operations. See "Note 6—Notes Receivable."

Allowance for Notes and Interest Receivable

A note is placed on non-accrual status when management determines, after considering economic and business conditions and collection efforts, that the note is impaired or collection of interest is doubtful. The accrual of interest on the instrument ceases when there is concern that principal or interest due according to the note agreement will not be collected. Any payment received on such non-accrual notes are recorded as interest income when the payment is received. The note is reclassified as accrual-basis once interest and principal payments become current. The Company periodically reviews the value of the underlying collateral of farm real estate for the note receivable and evaluates whether the value of the collateral continues to provide adequate security for the note. Should the value of the underlying collateral become less than the outstanding principal and interest, the Company will determine whether an allowance is necessary. Any uncollectible interest previously accrued is also charged off. As of December 31, 2019, we believe the value of the underlying collateral for each of the notes to be sufficient and in excess of the respective outstanding principal and accrued interest.

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Notes to Consolidated Financial Statements (Continued)

Deferred Offering Costs

Deferred offering costs include incremental direct costs incurred by the Company in conjunction with proposed or actual offerings of securities. At the completion of the offering, the deferred offering costs are charged ratably as a reduction of the gross proceeds of equity as stock is issued. If an offering is abandoned, the previously deferred offering costs will be charged to operations in the period in which the abandonment occurs. The Company incurred $0.0 million and $0.1 million in offering costs during the years ended December 31, 2019 and 2018, respectively. As of December 31, 2019 and 2018, the Company had $0.0 million and $0.2 million, respectively, in deferred offering costs related to regulatory, legal, accounting and professional service costs associated with proposed or actual offerings of securities.

Accounts Receivable

Accounts receivable are presented at face value, net of the allowance for doubtful accounts. The Company records an allowance for doubtful accounts, reducing the receivables balance to an amount that it estimates is collectible from our customers. Estimates used in determining the allowance for doubtful accounts are based on historical collection experience, current trends, aging of accounts receivable and periodic credit evaluations of the Company's customers' financial condition. The Company writes off accounts receivable when it becomes apparent, based upon age or customer circumstances, that such amounts will not be collected. The allowance for doubtful accounts was $0.1 million and $0.2 million as of December 31, 2019 and 2018, respectively, which is recorded on the Consolidated Statement of Operations as a reduction to rental revenue if in relation to revenues recognized in the year, or as property operating expenses if in relation to revenue recognized in the prior years.

Inventory

The costs of growing crop are accumulated until the time of harvest at the lower of cost or net realizable value and are included in inventory in our consolidated balance sheets. Costs are allocated to growing crops based on a percentage of the total costs of production and total operating costs that are attributable to the portion of the crops that remain in inventory at the end of the year. Growing crop consists primarily of land preparation, cultivation, irrigation and fertilization costs incurred by FPI Agribusiness. Growing crop inventory is charged to cost of products sold when the related crop is harvested and sold.

Harvested crop inventory includes costs accumulated both during the growing and harvesting phases and are stated at the lower of those costs or the estimated net realizable value, which is the market price, based upon the nearest market in the geographic region, less any cost of disposition. Cost of disposition includes broker's commissions, freight and other marketing costs.

Other inventory, such as fertilizer and pesticides, is valued at the lower of cost or market.

Inventory consisted of the following:

	December 31,	
($ in thousands)	**2019**	**2018**
Harvested crop	$ 171	$ 100
Growing crop	1,379	122
General inventory	—	119
	$ 1,550	$ 341

Revenue Recognition

Rental income includes rents that each tenant pays in accordance with the terms of its lease. Minimum rents pursuant to leases are recognized as revenue on a straight-line basis over the lease term, including renewal options in the case of bargain renewal options. Deferred revenue includes the cumulative difference between the rental revenue recorded on a

Farmland Partners Inc.
Notes to Consolidated Financial Statements (Continued)

straight-line basis and the cash rent received from tenants in accordance with the lease terms. Acquired below market leases are included in deferred revenue on the accompanying consolidated balance sheets, which are amortized into rental income over the life of the respective leases, plus the terms of the below market renewal options, if any.

Farm leases in place as of December 31, 2019 had terms ranging from one to twenty five years. As of December 31, 2019, the Company had 97 leases over 214 properties with rent escalations. The majority of the Company's leases provide for a fixed annual or semi-annual cash rent payment. Tenant leases on acquired farms generally require the tenant to pay the Company rent for the entire initial year regardless of the date of acquisition, if the acquisition is closed prior to, or shortly after, planting of crops. If the acquisition is closed later in the year, the Company typically receives a partial rent payment or no rent payment at all.

Certain of the Company's leases provide for a rent payment determined as a percentage of the gross farm proceeds (contingent rent). Revenue under leases providing for a payment equal to a percentage of the gross farm proceeds are recorded at the guaranteed crop insurance minimums and recognized ratably over the lease term during the crop year. Upon notification from the grain or packing facility that a future contract for delivery of the harvest has been finalized or when the tenant has notified the Company of the total amount of gross farm proceeds, revenue is recognized for the excess of the actual gross farm proceeds and the previously recognized minimum guaranteed insurance. Contingent rent recognized for the years ended December 31, 2019, 2018 and 2017 totaled $11.4 million, $13.2 million, and $9.5 million, respectively.

Certain of the Company's leases provide for minimum cash rent plus a bonus based on gross farm proceeds. Revenue under this type of lease is recognized on a straight-line basis over the lease term based on the minimum cash rent. Bonus rent is recognized upon notification from the tenant of the gross farm proceeds for the year.

Tenant reimbursements include reimbursements for real estate taxes that each tenant pays in accordance with the terms of its lease. When leases require that the tenant reimburse the Company for property taxes paid by the Company, the reimbursement is reflected as tenant reimbursement revenue on the statements of operations, as earned, and the related property tax as property operating expense, as incurred.

Crop sales revenue

The Company records revenue from the sale of harvested crops when the harvested crop has been contracted to be delivered to a grain or packing facility and title has transferred. Harvested crops delivered under marketing contracts are recorded using the fixed price of the marketing contract at the time of delivery to a grain or packing facility. Harvested crops delivered without a marketing contract are recorded using the market price at the date the harvested crop is delivered to the grain or packing facility and title has transferred.

Other revenue

The Company recognizes interest income on notes receivable on an accrual basis over the life of the note. Direct origination costs are netted against loan origination fees and are amortized over the life of the note using the straight-line method, which approximates the effective interest method, as an adjustment to interest income which is included as a component of other revenue in the Company's Consolidated Statements of Operations for the years ended December 31, 2019, 2018 and 2017.

Income Taxes

As a REIT, the Company is permitted to deduct dividends, for income tax purposes, paid to its stockholders, thereby eliminating the U.S. federal taxation of income represented by such distributions at the Company level, provided certain requirements are met. REITs are subject to a number of organizational and operational requirements. If the Company fails to qualify as a REIT in any taxable year, the Company will be subject to U.S. federal income tax (including, for periods prior to 2018, any applicable alternative minimum tax) on its taxable income at regular corporate tax rates. The Company

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Notes to Consolidated Financial Statements (Continued)

recorded income tax expense totaling $0.0 million for each of the years ended December 31, 2019, 2018, and 2017, respectively.

The Operating Partnership leases certain of its farms to the TRS, which is subject to federal and state income taxes. The TRS accounts for income taxes using the asset and liability method under which deferred tax assets and liabilities are recognized for temporary differences between the financial reporting basis of assets and liabilities and their respective income tax basis and for operating loss, capital loss and tax credit carryforwards based on enacted income tax rates expected to be in effect when such amounts are realized or settled. However, deferred tax assets are recognized only to the extent that it is more likely than not they will be realized on consideration of available evidence, including future reversals of existing taxable temporary differences, future projected taxable income and tax planning strategies. There was $(0.2) million in taxable income from the TRS for the year ended December 31, 2019, $(0.02) million at December 31, 2018, and $0.03 million for the year ended December 31, 2017. The Company did not have any deferred tax assets or liabilities for these years.

The Company performs an annual review for any uncertain tax positions and, if necessary, will record future tax consequences of uncertain tax positions in the financial statements. An uncertain tax position is defined as a position taken or expected to be taken in a tax return that is not based on clear and unambiguous tax law and which when examined by taxing authorities is more-likely-than-not to be sustained on review and which is reflected in measuring current or deferred income tax assets and liabilities for interim or annual periods. At December 31, 2019, the Company did not identify any uncertain tax positions. The Company did not identify any uncertain tax positions related to the 2018 and 2017 open tax years.

When the Company acquires a property in a business combination, the Company evaluates such acquisition for any related deferred tax assets or liabilities and determines if a deferred tax asset or liability should be recorded in conjunction with the purchase price allocation. If a built-in gain is acquired, the Company evaluates the required holding period (generally 5 years) and determines if it has the ability and intent to hold the underlying assets for the necessary holding period. If the Company has the ability to hold the underlying assets for the required holding period, no deferred tax liability is recorded with respect to the built-in gain. The Company determined that no deferred tax asset or liability should be recorded as a result of the asset acquisitions that it undertook during the years ended December 31, 2019 and December 31, 2018.

Derivatives and Hedge Accounting

The Company enters into marketing contracts to sell commodities. Derivatives and hedge accounting guidance requires a company to evaluate these contracts to determine whether the contracts are derivatives. Certain contracts that meet the definition of a derivative may be exempt from derivative accounting if designated as normal purchase or normal sales. The Company evaluates all contracts at inception to determine if they are derivatives and if they meet the normal purchase and normal sale designation requirements. All contracts entered into during the year ended December 31, 2019 met the criteria to be exempt from derivative accounting and were designated as normal purchase and sales exceptions for hedge accounting.

Segment Reporting

The Company’s chief operating decision maker does not evaluate performance on a farm-specific or transactional basis and does not distinguish the Company’s principal business or group its operations on a geographical basis for purposes of measuring performance. Accordingly, the Company believes it has a single operating segment for reporting purposes in accordance with GAAP.

Farmland Partners Inc.
Notes to Consolidated Financial Statements (Continued)

Earnings Per Share

Basic earnings per share is calculated by dividing net income (loss) available to common stockholders by the weighted-average number of shares of common stock outstanding during the period, excluding the weighted average number of unvested restricted shares ("participating securities" as defined in "Note 9—Stockholders' Equity and non-controlling Interests"). Diluted earnings per share is calculated by dividing net income (loss) available to common stockholders by the weighted-average number of shares of common stock outstanding during the period, plus other potentially dilutive securities such as stock grants or shares that would be issued in the event that Common units are redeemed for shares of common stock of the Company. No adjustment is made for shares that are anti-dilutive during a period.

Non-controlling Interests

The Company's non-controlling interests are interests in the Operating Partnership not owned by the Company. The Company evaluates whether non-controlling interests are subject to redemption features outside of its control. The Company classifies non-controlling interests that are contingently redeemable solely for cash (unless stockholder approval is obtained to redeem for shares of common stock) one year after issuance or deemed probable to eventually become redeemable and which have redemption features outside of its control, as redeemable non-controlling interests in the mezzanine section of the consolidated balance sheets. The amounts reported for non-controlling interests on the Company's Consolidated Statements of Operations represent the portion of income or losses not attributable to the Company.

Stock Based Compensation

From time to time, the Company may award non-vested shares under the Company's Second Amended and Restated 2014 Equity Incentive Plan (the "Plan") as compensation to officers, employees, non-employee directors and non-employee consultants (see "Note 9—Stockholders' Equity and Non-controlling Interests"). The shares issued to officers, employees, and non-employee directors vest over a period of time as determined by the Board of Directors at the date of grant. The Company recognizes compensation expense for non-vested shares granted to officers, employees and directors on a straight-line basis over the requisite service period based upon the fair market value of the shares on the date of grant, as adjusted for forfeitures. The Company recognizes expense related to non-vested shares granted to non-employee consultants over the period that services are received.

New or Revised Accounting Standards

Recently adopted

In June 2018, the FASB issued ASU 2018-07, *Compensation – Stock Compensation (Topic 718),* which sets out and seeks to simplify principles for share-based payment transactions for acquiring goods and services from nonemployees. The Company has adopted the standard, completed its assessment of the impact of this guidance, and has determined it to be immaterial to the consolidated financial statements.

In February 2018, the FASB issued ASU 2018-02, *Reporting Comprehensive Income (Topic 220),* which was issued to address the effects of the Tax Cuts and Jobs Act on deferred taxes as they related to Other Comprehensive Income. The Company has adopted the standard, completed its assessment of the impact of this guidance, and has determined it to be immaterial to the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases: (Topic 842) ("ASU 2016-02"),* which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification

Farmland Partners Inc.
Notes to Consolidated Financial Statements (Continued)

will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The Company has completed its assessment of the impact of this guidance. The following reflects the primary effects of this guidance on the Company's reporting:

(i) For leases in which the Company is the lessee, the guidance did not have a material impact as there are only two operating leases for office space and for subleased property in Nebraska. Both of these leases have terms less than 12 months. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. The Company recorded a right-of-use asset and a lease liability for the third lease that has a term greater than 12 months, which did not have a significant impact on the consolidated financial statements;

(ii) For leases in which the Company is the lessor, the guidance did not have a material impact as the majority of the Company's leases do not contain a non-lease component. Under the new guidance, lease procurement costs that were previously capitalized are now expensed as incurred. Lastly, under the new guidance, there are certain circumstances in which buyer-lessors in sale and leaseback transactions could potentially result in recording the transaction as a financial receivable if such transaction fails sale and leaseback criteria.

The standard was effective for annual and interim reporting periods beginning after December 15, 2018, with modified retrospective restatement for each reporting period presented at the time of adoption. The Company adopted this standard effective January 1, 2019. The Company recorded a right of use asset and lease liability in the amount of $0.2 million.

Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which changes the method and timing of the recognition of credit losses on financial assets. For trade and other receivables, held-to-maturity debt securities, loans and other instruments, entities will be required to use a new forward-looking "expected loss" model that generally will result in the earlier recognition of allowance for losses. This credit loss standard is required to be applied using a modified-retrospective approach and requires a cumulative-effect adjustment to retained earnings be recorded as of the date of adoption. The Company adopted the new standard on January 1, 2020. The adoption of the standard is not expected to have a material impact on its financial position or results of operations.

Note 2—Revenue Recognition

For the majority of its leases, the Company receives at least 50% of the annual lease payment from tenants either during the first quarter of the year or at the time of acquisition of the related farm, with the remaining 50% of the lease payment due in the second half of the year. Rental income is recorded on a straight-line basis over the lease term. The lease term generally includes periods when a tenant: (1) may not terminate its lease obligation early; (2) may terminate its lease obligation early in exchange for a fee or penalty that the Company considers material enough such that termination would not be probable; (3) possesses renewal rights and the tenant's failure to exercise such rights imposes a penalty on the tenant material enough such that renewal appears reasonably assured; or (4) possesses bargain renewal options for such periods. Payments received in advance are included in deferred revenue until they are earned.

As of December 31, 2019 and 2018, the Company had $0.1 million and $0.2 million, respectively, in deferred revenue. The Company did not have any unamortized below market leases as of December 31, 2019 and 2018, respectively.

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Notes to Consolidated Financial Statements (Continued)

The following represents a summary of the rental income recognized during the three years ended December 31, 2019:

	Rental Income Recognized		
	For the year ended December 31,		
($ in thousands)	2019	2018	2017
Leases in effect at the beginning of the year	$ 45,977	$ 37,434	$ 12,593
Leases entered into or amended during the year	2,142	13,751	30,363
	$ 48,119	$ 51,185	$ 42,956

Future minimum lease payments from tenants under all non-cancelable leases in place as of December 31, 2019, including lease advances, when contractually due, but excluding tenant reimbursement of expenses and lease payments based on a percentage of farming revenues, for each of the next five years and beyond as of December 31, 2019 are as follows:

($ in thousands) **Year Ending December 31,**	**Future Rental Payments**
2020	$ 31,328
2021	19,774
2022	9,833
2023	5,171
2024	2,440
2025 and beyond	25,033
	$ 93,579

Since lease renewal periods are exercisable at the option of the lessee, the preceding table presents future minimum lease payments due during the initial lease term only.

Note 3—Concentration Risk

Credit Risk

For the years ended December 31, 2019, 2018 and 2017, the Company had certain tenant concentrations as presented in the table below. If a significant tenant, representing a tenant concentration, fails to make rental payments to the Company or elects to terminate its leases, and the land cannot be re-leased on satisfactory terms, there would be a material adverse effect on the Company's financial performance and the Company's ability to continue operations. The following is a summary of our significant tenants:

	Rental Income Recognized					
	For the year ended December 31,					
($ in thousands)	2019		2018		2017	
Tenant A[(1)]	$ 5,905	12.2 %	$ 6,996	13.6 %	$ 7,041	16.4 %
Tenant B[(1)]	$ 7,056	14.6 %	$ 6,957	13.6 %	$ —	— %

(1) The Company has numerous permanent crop leases with these major farming companies located in Califonia.

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Notes to Consolidated Financial Statements (Continued)

Geographic Risk

The following table summarizes the percentage of approximate total acres owned as of December 31, 2019, 2018 and 2017 and straight line and crop share rental income recorded by the Company for the years then ended by location of the farm:

	Approximate % of Total Acres As of December 31,			Rental Income For the year ended December 31,		
Location of Farm	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**
Alabama	0.4 %	0.3 %	0.4 %	0.2 %	0.4 %	0.2 %
Arkansas	9.1 %	8.3 %	9.1 %	4.4 %	4.0 %	4.7 %
California	7.3 %	7.2 %	7.2 %	34.6 %	36.8 %	27.8 %
Colorado	15.5 %	14.9 %	15.1 %	5.4 %	4.4 %	6.4 %
Florida	3.0 %	4.6 %	4.6 %	2.1 %	1.7 %	3.1 %
Georgia	3.4 %	3.3 %	3.3 %	2.1 %	2.1 %	4.0 %
Illinois	24.5 %	24.1 %	25.5 %	24.5 %	24.3 %	28.8 %
Kansas	1.2 %	1.2 %	1.2 %	0.3 %	0.3 %	0.4 %
Louisiana	5.3 %	5.2 %	5.9 %	3.1 %	2.8 %	3.3 %
Michigan	0.3 %	1.4 %	1.4 %	0.8 %	1.7 %	1.6 %
Mississippi	3.1 %	3.0 %	3.1 %	1.7 %	1.7 %	2.0 %
North Carolina	10.5 %	10.3 %	6.9 %	7.4 %	7.1 %	4.3 %
Nebraska	3.8 %	3.7 %	3.7 %	3.3 %	3.0 %	3.6 %
South Carolina	9.5 %	9.4 %	9.1 %	8.2 %	7.9 %	7.7 %
South Dakota	1.0 %	1.0 %	1.1 %	0.8 %	0.7 %	0.6 %
Texas	1.3 %	1.3 %	1.7 %	0.7 %	0.8 %	1.1 %
Virginia	0.8 %	0.8 %	0.7 %	0.4 %	0.4 %	0.4 %
	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Note 4—Related Party Transactions

On July 21, 2015, the Company entered into a lease agreement with American Agriculture Aviation LLC ("American Ag Aviation") for the use of a private plane. American Ag Aviation is a Colorado limited liability company that is owned 100% by Mr. Pittman, the Company's CEO. During the years ended December 31, 2019, 2018 and 2017, the Company incurred costs of $0.1 million, $0.1 million and $0.2 million, respectively, from American Ag Aviation for use of the aircraft in accordance with the lease agreement. These costs were recognized based on the nature of the associated use of the aircraft, as follows: (i) general and administrative - expensed as general and administrative expenses within the Company's Consolidated Statements of Operations; (ii) land acquisition (accounted for as an asset acquisition) - allocated to the acquired real estate assets within the Company's consolidated balance sheets; and (iii) land acquisition (accounted for as a business combination) - expensed as acquisition and due diligence costs within the Company's Consolidated Statements of Operations. As of December 31, 2019 and 2018 the Company had outstanding payables to American Agriculture Aviation LLC of $0.01 million and $0.00 million, respectively.

Note 5—Real Estate

As of December 31, 2019, the Company owned approximately 158,500 acres.

During the year ended December 31, 2019, the Company completed two acquisitions which were accounted for as asset acquisitions in Illinois and Colorado. Aggregate consideration for these acquisitions totaled $3.3 million and was comprised of $1.4 million in cash and a $1.9 million reduction in notes receivable and related interest to the seller through the acquisition of collateralized property. No intangible assets were acquired through these acquisitions.

During the year ended December 31, 2019, the Company completed four dispositions consisting of seven farms in Illinois, Michigan, Florida, and Arkansas. Cash receipts totaled $34.1 million with a total gain on sale of $7.9 million.

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Notes to Consolidated Financial Statements (Continued)

During the year ended December 31, 2018, the Company completed six acquisitions which were accounted for as asset acquisitions in Nebraska, North Carolina, South Carolina, and Illinois. Aggregate consideration for these acquisitions totaled $33.8 million and was comprised of cash. No intangible assets were acquired through these acquisitions.

Note 6—Notes Receivable

In August 2015, the Company introduced an agricultural lending product aimed at farmers as a complement to the Company's business of acquiring and owning farmland and leasing it to farmers (the "FPI Loan Program"). Under the FPI Loan Program, the Company makes loans to third-party farmers (both tenant and non-tenant) to provide financing for working capital requirements and operational farming activities, farming infrastructure projects, and for other farming and agricultural real estate related projects. These loans are secured by farmland, properties related to farming, crops (growing or stored), and/or agricultural equipment, and are typically in principal amounts of $100,000 or more at fixed interest rates with maturities of up to three years. The Company expects the borrower to repay the loans in accordance with the applicable loan agreements based on farming operations and access to other forms of capital, as permitted. Notes receivable are stated at their unpaid principal balance, and include unamortized direct origination costs and accrued interest through the reporting date, less any allowance for losses and unearned borrower paid points.

As of December 31, 2019 and 2018, the Company held the following notes receivable:

($ in thousands)		Principal Outstanding as of		
Loan	**Payment Terms**	**December 31, 2019**	**December 31, 2018**	**Maturity**
Mortgage Note (1)	Principal & interest due at maturity	$ 1,804	$ 1,840	1/15/2017
Mortgage Note (2)	Principal & interest due at maturity	234	234	12/7/2028
Mortgage Note (2)	Principal due at maturity & interest due monthly	2,145	2,145	3/16/2022
Mortgage Note (3)	Principal & interest due at maturity	-	1,647	12/31/2019
Mortgage Note	Principal & interest due at maturity	-	5,125	8/19/2020
Mortgage Note	Principal & interest due at maturity	62	62	3/1/2020
Line of Credit	Principal & interest due at maturity	369	106	3/1/2020
Total outstanding principal		4,614	11,159	
Interest receivable (net prepaid interest)		565	947	
Provision for loan receivable		(412)	(229)	
Total notes and interest receivable		$ 4,767	$ 11,877	

(1) In January 2016 the maturity date of the note was extended from January 15, 2016 to January 15, 2017 with the year 1 interest received at the time of the extension and principal and remaining interest due at maturity. On July 28, 2017 the Company notified the borrower of default on the Promissory Note. In December 2019, the Company has begun the process of selling the underlying collateralized property to settle the principal and accrued interest.

(2) The original note was renegotiated and a second note was entered into simultaneously with the borrower during the three months ended March 31, 2017. The notes include mortgages on two additional properties in Colorado that include repurchase options for the properties at a fixed price that are exercisable between the third and fifth anniversary of the notes by the borrower.

(3) In April 2018 the interest rate on the note was increased from 6.50% to 7.50% and a loan fee of 1.0% was initiated for the period ended March 31, 2019. Note was paid down through the acquisition of collateralized property in December 2019

Farmland Partners Inc.
Notes to Consolidated Financial Statements (Continued)

A reconciliation of the carrying amount of mortgage loans for the years ended December 31, 2019, 2018 and 2017 is set out below:

	Years ended December 31,		
	2019	2018	2017
($ in thousands)			
Balance at beginning of year	$ 11,159	$ 9,350	$ 2,780
Additions during year:			
New mortgage loans and additional advances on existing loans	1,781	6,662	7,372
Interest income added to principal	-	-	-
Amortization of discount	-	-	-
	12,940	16,012	10,152
Deductions during year:			
Collection of principal	8,285	4,853	802
Foreclosure	41	-	-
Balance at end of year	$ 4,614	$ 11,159	$ 9,350

The collateral for the mortgage notes receivable consists of real estate and improvements present on such real estate. For income tax purposes the aggregate cost of the investment of the mortgage notes is the carrying amount per the table above.

Fair Value

FASB ASC 820-10 establishes a three-level hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- *Level 1*—Inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets.
- *Level 2*—Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets and inputs that are observable or can be substantially corroborated for the asset or liability, either directly or indirectly.
- *Level 3*—Inputs to the valuation methodology are unobservable, supported by little or no market activity.

The fair value of notes receivable is valued using Level 3 inputs under the hierarchy established by GAAP and is calculated based on a discounted cash flow analysis, using interest rates based on management's estimates of market interest rates on mortgage notes receivable with comparable terms and credit risk whenever the interest rates on the notes receivable are deemed not to be at market rates. As of December 31, 2019 and 2018, the fair value of the notes receivable was $4.6 million and $11.7 million, respectively.

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Notes to Consolidated Financial Statements (Continued)

Note 7—Mortgage Notes, Lines of Credit and Bonds Payable

As of December 31, 2019 and 2018, the Company had the following indebtedness outstanding:

($ in thousands) Loan	Payment Terms	Interest Rate Terms	Annual Interest Rate as of December 31, 2019	Principal Outstanding as of December 31, 2019	Principal Outstanding as of December 31, 2018	Maturity	Book Value of Collateral as of December 31, 2019	Book Value of Collateral as of December 31, 2018
Farmer Mac Bond #6	Semi-annual interest only	3.69%	3.69%	13,827	14,915	April 2025	$ 21,441	$ 22,076
Farmer Mac Bond #7	Semi-annual interest only	3.68%	3.68%	11,160	11,160	April 2025	18,570	18,561
Farmer Mac Bond #8A	Semi-annual interest only	3.20%	3.20%	41,700	41,700	June 2020	74,310	80,989
Farmer Mac Bond #9	Semi-annual interest only	3.35%	3.35%	6,600	6,600	July 2020	7,940	7,828
MetLife Term Loan #1 (1)	Semi-annual interest only	3.48% adjusted every three years	3.48%	87,942	89,913	March 2026	195,615	199,584
MetLife Term Loan #2	Semi-annual interest only	4.27% adjusted every three years	4.27%	16,000	16,000	March 2026	32,199	32,189
MetLife Term Loan #3	Semi-annual interest only	4.27% adjusted every three years	4.27%	21,000	21,000	March 2026	27,817	27,525
MetLife Term Loan #4 (1)	Semi-annual interest only	3.48% adjusted every three years	3.48%	15,685	15,685	June 2026	31,266	31,124
MetLife Term Loan #5	Semi-annual interest only	3.26% adjusted every three years	3.26%	8,379	8,379	January 2027	14,281	13,964
MetLife Term Loan #6	Semi-annual interest only	3.21% adjusted every three years	3.21%	27,158	27,158	February 2027	58,087	58,058
MetLife Term Loan #7	Semi-annual interest only	3.45% adjusted every three years	3.45%	17,153	21,253	June 2027	39,126	48,963
MetLife Term Loan #8	Semi-annual interest only	4.12% fixed until 2027	4.12%	44,000	44,000	December 2042	110,042	110,042
MetLife Term Loan #9	Semi-annual interest only	4.19% adjusted every three years	4.19%	21,000	21,000	May 2028	41,223	40,981
Farm Credit of Central Florida	(2)	LIBOR + 2.6875% adjusted monthly	4.44%	4,890	5,060	September 2023	14,745	13,263
Prudential	(3)	3.20%	3.20%	-	5,144	July 2019	—	10,583
Rabobank	Semi-annual interest only	LIBOR + 1.70% adjustable every three years	3.39%	64,358	64,359	March 2028	135,432	134,901
Rutledge Note Payable #1	Quarterly interest only	3 month LIBOR + 1.3% adjusted quarterly	3.44%	17,000	17,000	January 2022	29,820	29,576
Rutledge Note Payable #2	Quarterly interest only	3 month LIBOR + 1.3% adjusted quarterly	3.44%	25,000	25,000	January 2022	39,468	39,749
Rutledge Note Payable #3	Quarterly interest only	3 month LIBOR + 1.3% adjusted quarterly	3.44%	25,000	25,000	January 2022	45,764	58,006
Rutledge Note Payable #4	Quarterly interest only	3 month LIBOR + 1.3% adjusted quarterly	3.44%	15,000	15,000	January 2022	29,170	29,170
Rutledge Note Payable #5	Quarterly interest only	3 month LIBOR + 1.3% adjusted quarterly	3.44%	30,000	30,000	January 2022	85,287	85,707
Total outstanding principal				512,852	525,326		$ 1,051,603	$ 1,092,841
Debt issuance costs				(1,449)	(1,685)			
Unamortized premium				-	-			
Total mortgage notes and bonds payable, net				$ 511,403	$ 523,641			

(1) During the year ended December 31, 2017 the Company converted the interest rate on Metlife Term Loans 1 and 4 from variable to fixed rates for a term of three years. Once the term expires the new rate will be determined based on the loan agreements.
(2) Loan is an amortizing loan with quarterly interest payments that commenced on January 1, 2017 and quarterly principal payments that commence on October 1, 2018, with all remaining principal and outstanding interest due at maturity.
(3) Loan was repaid in full on June 28, 2019 and was an amortizing loan with semi-annual principal and interest payments that commence on July 1, 2017, with all remaining principal and outstanding interest due at maturity.

Farmer Mac Bonds

As of December 31, 2019 and December 31, 2018, the Company and the Operating Partnership had $73.3 million and $74.4 million outstanding, respectively, under the Farmer Mac bonds. The Farmer Mac bonds are subject to the Company's ongoing compliance with a number of customary affirmative and negative covenants, as well as financial

Farmland Partners Inc.
Notes to Consolidated Financial Statements (Continued)

covenants, including: a maximum leverage ratio of not more than 60%; a minimum fixed charge coverage ratio of 1.50 to 1.00; and a minimum tangible net worth requirement. The Company was in compliance with all applicable covenants at December 31, 2019.

MetLife Term Loans

As of December 31, 2019 and December 31, 2018, the Company and the Operating Partnership had $258.3 million and $264.4 million outstanding, respectively, under the MetLife loans. Each of the MetLife loan agreements contains a number of customary affirmative and negative covenants, including the requirement to maintain a loan to value ratio of no greater than 60%. The MetLife Guaranties also contain a number of customary affirmative and negative covenants. The Company was in compliance with all covenants under the MetLife loans as of December 31, 2019.

Each of the MetLife loan agreements includes certain customary events of default, including a cross-default provision related to other outstanding indebtedness of the borrowers, the Company and the Operating Partnership, the occurrence of which, after any applicable cure period, would permit MetLife, among other things, to accelerate payment of all amounts outstanding under the MetLife loans and to exercise its remedies with respect to the pledged collateral, including foreclosure and sale of the Company's properties that collateralize the MetLife loans.

Farm Credit of Central Florida Mortgage Note

As of December 31, 2019 and December 31, 2018, the Company and the Operating Partnership had $4.9 million and $5.1 million outstanding, respectively, and approximately $5.1 million had been drawn down under the Farm Credit mortgage note facility. Proceeds from the Farm Credit mortgage note were used for the development of additional properties.

The Farm Credit mortgage note facility contains a number of customary affirmative and negative covenants, as well as a covenant requiring the Company to maintain a debt service coverage ratio of 1.25 to 1.00 beginning on December 31, 2019. The Company was in compliance with all covenants under the Farm Credit mortgage note as of December 31, 2019.

Prudential Note

As of December 31, 2019 and December 31, 2018, the Company and the Operating Partnership had $0.0 million and $5.1 million outstanding, respectively, under the Prudential facility. On June 28, 2019 the Company fully repaid all outstanding amounts under this note.

Rutledge Credit Facility

As of December 31, 2019 and December 31, 2018, the Company and the Operating Partnership had $112.0 million and $112.0 million outstanding, respectively, under the Rutledge facility. As of December 31, 2019, $0 remains available under this facility and the Company was in compliance with all covenants under the Rutledge loan agreements.

Rabobank Mortgage Note

As of December 31, 2019 and December 31, 2018, the Company and the Operating Partnership had $64.4 million and $64.4 million outstanding, respectively, under the Rabobank mortgage note. The Company was in compliance with all covenants under the Rabobank mortgage note as of December 31, 2019.

LIBOR

LIBOR is expected to be discontinued after 2021. As of December 31, 2019, the Company had $181.3 million of variable-rate debt outstanding with interest rates tied to LIBOR and maturity dates beyond 2021. There can be no

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Notes to Consolidated Financial Statements (Continued)

assurances as to what the alternative base rate will be in the event that LIBOR is discontinued, and the Company can provide no assurances whether that base rate will be more or less favorable than LIBOR. The Company intends to monitor the developments with respect to the phasing out of LIBOR after 2021 and work with its lenders to ensure that any transition away from LIBOR will have minimal impact on its financial condition, but can provide no assurances regarding the impact of LIBOR discontinuation.

Aggregate Maturities

As of December 31, 2019, aggregate maturities of long-term debt for the succeeding years are as follows:

($ in thousands) **Year Ending December 31,**	**Future Maturities**
2020	$ 48,574
2021	274
2022	112,274
2023	4,067
2024	2,100
Thereafter	345,563
	$ 512,852

Fair Value

The fair value of the mortgage notes payable is valued using Level 3 inputs under the hierarchy established by GAAP and is calculated based on a discounted cash flow analysis, using interest rates based on management's estimates of market interest rates on long-term debt with comparable terms whenever the interest rates on the mortgage notes payable are deemed not to be at market rates. As of December 31, 2019 and 2018, the fair value of the mortgage notes payable was $518.9 million and $518.6 million, respectively.

Note 8—Commitments and Contingencies

The Company is not currently subject to any known material contingencies arising from its business operations, nor to any material known or threatened litigation other than as discussed below.

In April 2015, the Company entered into a lease agreement for office space. The lease expires July 31, 2020. The lease commenced June 1, 2015 and had an initial monthly payment of $10,032, which increased to $10,200 in June 2016, $10,366 in June 2017, $10,534 in June 2018, and $10,701 in June 2019. Beginning in 2019, the Company recognized right of use assets and related lease liabilities in the consolidated balance sheets. The Company estimated the value of the lease liabilities using a discount rate equivalent to the rate we would pay on a secured borrowing with similar terms to the lease. Options to extend the lease in our minimum lease terms unless the option is reasonably certain to be exercised are excluded. Our total lease cost for the years ended December 31, 2019, 2018, and 2017 was $0.1 million, $0.1 million, and $0.1 million, respectively. As of December 31, 2019, the lease has a remaining term of seven months, and discount rate of 3.35%. Minimum annual rental payments under these operating leases, reconciled to the lease liability included in accrued liabilities and other in our consolidated balance sheets, are as follows (in thousands):

($ in thousands) **Year Ending December 31,**	**Future Rental Payments**
2020	$ 75
2021	—
2022	—
2023	—
2024 and beyond	—
	$ 75

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Notes to Consolidated Financial Statements (Continued)

Litigation

The Company may become party to legal proceedings that are considered to be either ordinary, routine litigation incidental to their business or not significant to the Company's consolidated financial position or liquidity. Other than as described below, the Company does not believe that there is any other pending litigation that could have a significant adverse impact on its consolidated financial position, liquidity or results of operations.

On July 11, 2018, a purported class action lawsuit, captioned Kachmar v. Farmland Partners, Inc. (the Kachmar Action"), was filed in the United States District Court for the District of Colorado against the Company and certain of our officers by a purported Company stockholder. The complaint alleges, among other things, that our disclosure related to the FPI Loan Program was materially false and misleading in violation of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder. On August 17, 2018, a second purported class action, captioned Mariconda v. Farmland Partners Inc. (the "Mariconda Action") was filed in the United States District Court for the District of Colorado, alleging substantially identical claims as the Kachmar Action. Several purported shareholders moved to consolidate the Kachmar Action and the Mariconda Action and for appointment as Lead Plaintiff. On November 13, 2018, the plaintiff in the Kachmar action voluntarily dismissed the Kachmar Action. On December 3, 2018, the court appointed two purported stockholders of the Company, the Turner Insurance Agency, Inc. and Cecilia Turner (the "Turners"), as lead plaintiffs in the Mariconda Action. On March 11, 2019, the court-appointed lead plaintiffs and additional plaintiff Obelisk Capital Management filed an amended complaint in the Turner Action. On April 15, 2019, the defendants moved to dismiss the amended complaint in the Turner Action. On June 18, 2019, the court denied the defendants' motion to dismiss the amended complaint in the Turner Action. The defendants answered the amended complaint on July 2, 2019. On December 6, 2019, plaintiffs voluntarily dismissed Obelisk Capital Management from the case. In connection with Obelisk Capital Management's dismissal from the case, defendants filed a motion for judgment on the pleadings on December 10, 2019, which automatically stayed discovery in the action pending the court's determination of the motion. On December 16, 2019, plaintiffs filed a motion for class certification. On December 27, 2019, plaintiffs filed a motion for leave to file a second amended complaint. Defendants filed a response opposing the motion for leave to file a second amended complaint on January 17, 2020, and filed a motion to adjourn the class certification briefing schedule in light of the discovery stay on January 29, 2020. These motions remain pending and discovery remains stayed pending decision on defendants' motion for judgment on the pleadings. At this time, no class has been certified in the Turner Action and we do not know the amount of damages or other remedies being sought by the plaintiffs. The Company can provide no assurances as to the outcome of this litigation or provide an estimate of related expenses at this time.

On December 18, 2018, a purported stockholder of the Company, Jack Winter, filed a complaint in the Circuit Court for Montgomery County, Maryland (the "Winter Action"), purporting to assert breach of fiduciary duty claims derivatively on the Company's behalf against the Company's directors and certain of the Company's officers. The Winter Action alleges, among other things, that the Company's directors and certain of the Company's officers breached their fiduciary duties to the Company by allowing the Company to make allegedly false and misleading disclosures related to the FPI Loan Program, as alleged in the Turner Action. On April 26, 2019, Winter voluntarily dismissed his complaint in the Circuit Court for Montgomery County Maryland. On May 14, 2019, Winter re-filed his complaint in the United States District Court for the District of Colorado. The Winter Action has been stayed pending further proceedings in the Turner Action.

On November 25, 2019, another purported shareholder, Shawn Luger, filed a complaint derivatively on behalf of the Company and against certain of our officers in the Circuit Court for Baltimore City, Maryland (the "Luger Action"). The Luger Action complaint makes similar claims to those in the Turner and Winter Actions. The parties to the Luger Action stipulated to a stay of the case pending further proceedings in the Turner Action and filed a joint motion to stay on February 7, 2020.

On November 26, 2019, another purported shareholder, Anna Barber, filed a complaint derivatively on behalf of the Company and against certain of our officers in the United States District Court for the District of Colorado (the "Barber

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Action"). The Barber Action complaint makes similar claims to those in the Turner, Winter, and Luger Actions. The Barber Action has been stayed pending further proceedings in the Turner Action.

On February 14, 2020, another purported shareholder, Brent Hustedde, filed a complaint derivatively on behalf of the Company and against certain of our officers in Maryland state court (the "Hustedde Action"). The Hustedde Action complaint makes similar claims to those in the Turner, Winter, Luger, and Barber Actions. None of the defendants have yet been served in the Hustedde Action.

The Company believes that costs associated with the Turner, Winter, Luger, Barber, and Hustedde Actions in excess of $0.35 million will be covered by insurance.

On July 24, 2018, we filed a lawsuit in the District Court, Denver County, Colorado, against "Rota Fortunae" (a pseudonym) and numerous co-conspirators (collectively, "Wheel of Fortune") in response to an article posted on Seeking Alpha that makes numerous allegations about the Company that we believe to be false or materially misleading. We believe that as a consequence of Wheel of Fortune's internet posting and related postings on social media, the trading price of our common stock declined by approximately 40%. We believe that Wheel of Fortune's internet posting was made in connection with a "short and distort" scheme to profit from a decline in our stock price based on false and misleading information. The lawsuit that we filed alleges that Wheel of Fortune disseminated material false, misleading and defamatory information about us that has harmed us and our stockholders. The Company does not expect insurance proceeds to cover a substantial portion of the costs related to the lawsuit we filed against Wheel of Fortune. The case is currently in the discovery phase with numerous motions pending before the court.

Note 9—Stockholders' Equity and Non-controlling Interests

Non-controlling Interest in Operating Partnership

The Company consolidates its Operating Partnership, a majority-owned partnership. As of December 31, 2019, the Company owned 94.0% of the outstanding Common units and the remaining 6.0% of the Common units are included in non-controlling interest in Operating Partnership on the consolidated balance sheets.

On or after 12 months of becoming a holder of Common units, unless the terms of an agreement with such Common unitholder dictate otherwise, each limited partner, other than the Company, has the right, subject to the terms and conditions set forth in the Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership, as amended (the "Partnership Agreement"), to tender for redemption all or a portion of such Common units in exchange for cash, or in the Company's sole discretion, for shares of the Company's common stock on a one-for-one basis. If cash is paid in satisfaction of a redemption request, the amount will be equal to the number of tendered units multiplied by the fair market value per share of the Company's common stock on the date of the redemption notice (determined in accordance with, and subject to adjustment under, the terms of the Partnership Agreement). Any redemption request must be satisfied by the Company on or before the close of business on the tenth business day after the Company receives a notice of redemption. During the years ended December 31, 2019 and 2018, the Company issued 2,678,187 and 157,393, respectively, of shares of common stock upon redemption of 2,678,187 and 157,393, respectively, Common units that had been tendered for redemption. There were 1.9 million and 4.6 million outstanding Common units eligible to be tendered for redemption as of December 31, 2019 and December 31, 2018, respectively.

If the Company gives the limited partners notice of its intention to make an extraordinary distribution of cash or property to its stockholders or effect a merger, a sale of all or substantially all of its assets, or any other similar extraordinary transaction, each limited partner may exercise its right to tender its Common units for redemption, regardless of the length of time such limited partner has held its Common units.

Regardless of the rights described above, the Operating Partnership will not have an obligation to issue cash to a unitholder upon a redemption request if the Company elects to redeem the Common units for shares of common stock.

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Notes to Consolidated Financial Statements (Continued)

When a Common unit is redeemed, non-controlling interest in the Operating Partnership is reduced and controlling interest stockholders' equity is increased.

The Operating Partnership intends to make distributions on each Common unit in the same amount as those paid on each share of the Company's common stock, with the distributions on the Common units held by the Company being utilized to make distributions to the Company's common stockholders.

Pursuant to the consolidation accounting standard with respect to the accounting and reporting for non-controlling interest changes and changes in ownership interest of a subsidiary, changes in parent's ownership interest when the parent retains controlling interest in the subsidiary should be accounted for as equity transactions. The carrying amount of the non-controlling interest shall be adjusted to reflect the change in its ownership interest in the subsidiary, with the offset to equity attributable to the parent. As a result of equity transactions including and subsequent to the IPO, changes in the ownership percentages between the Company's stockholders' equity and non-controlling interest in the Operating Partnership occurred during each of the three years ended December 31, 2019. To reflect these changes, adjustments were made to increase / (decrease) the non-controlling interest in the Operating Partnership by $0.1 million, ($0.4) million, and $2.7 million during the years ended December 31, 2019, 2018 and 2017 respectively, with the corresponding offsets to additional paid-in capital.

Redeemable Non-controlling Interests in Operating Partnership, Series A preferred units

On March 2, 2016, the sole general partner of the Operating Partnership entered into Amendment No. 1 (the "Amendment") to the Partnership Agreement in order to provide for the issuance, and the designation of the terms and conditions, of the Series A preferred units. Under the Amendment, among other things, each Series A preferred unit has a $1,000 liquidation preference and is entitled to receive cumulative preferential cash distributions at a rate of 3.00% per annum of the $1,000 liquidation preference, which is payable annually in arrears on January 15 of each year or the next succeeding business day. The cash distributions are accrued ratably over the year and credited to redeemable non-controlling interest in operating partnership, Series A preferred units on the balance sheet with the offset recorded to additional paid-in capital. On March 2, 2016, 0.1 million Series A preferred units were issued as partial consideration in the Forsythe farm acquisition (See "Note 5—Real Estate"). Upon any voluntary or involuntary liquidation or dissolution, the Series A preferred units are entitled to a priority distribution ahead of Common units in an amount equal to the liquidation preference plus an amount equal to all distributions accumulated and unpaid to the date of such cash distribution. Total liquidation value of such preferred units as of December 31, 2019 and December 31, 2018 was $120.5 million and $120.5 million, respectively, including accrued distributions.

On or after March 2, 2026, the tenth anniversary of the closing of the Forsythe acquisition (the "Conversion Right Date"), holders of the Series A preferred units have the right to convert each Series A preferred unit into a number of Common units equal to (i) the $1,000 liquidation preference plus all accrued and unpaid distributions, divided by (ii) the volume-weighted average price per share of the Company's common stock for the 20 trading days immediately preceding the applicable conversion date. All Common units received upon conversion may be immediately tendered for redemption for cash or, at the Company's option, for shares of common stock on a one-for-one basis, subject to the terms and conditions set forth in the Partnership Agreement. Prior to the Conversion Right Date, the Series A preferred units may not be tendered for redemption by the Holder.

On or after March 2, 2021, the fifth anniversary of the closing of the Forsythe acquisition, but prior to the Conversion Right Date, the Operating Partnership has the right to redeem some or all of the Series A preferred units, at any time and from time to time, for cash in an amount per unit equal to the $1,000 liquidation preference plus all accrued and unpaid distributions.

In the event of a Termination Transaction (as defined in the Partnership Agreement) prior to conversion, holders of the Series A preferred units generally have the right to receive the same consideration as holders of Common units and common stock, on an as-converted basis.

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Notes to Consolidated Financial Statements (Continued)

Holders of the Series A preferred units have no voting rights except with respect to (i) the issuance of partnership units of the Operating Partnership senior to the Series A preferred units as to the right to receive distributions and upon liquidation, dissolution or winding up of the Operating Partnership, (ii) the issuance of additional Series A preferred units and (iii) amendments to the Partnership Agreement that materially and adversely affect the rights or benefits of the holders of the Series A preferred units.

The Series A preferred units are accounted for as mezzanine equity on the consolidated balance sheet as the units are convertible and redeemable for shares at a determinable price and date at the option of the holder upon the occurrence of an event not solely within the control of the Company.

The following table summarizes the changes in our redeemable non-controlling interest in the Operating Partnership for the years ended December 31, 2019 and 2018:

	Preferred	
(in thousands)	Redeemable OP Units	Redeemable Non-controlling Interests
Balance at December 31, 2017	117	$ 120,510
Distribution paid to non-controlling interest	—	(3,510)
Accrued distributions to non-controlling interest	—	3,510
Balance at December 31, 2018	117	$ 120,510
Balance at December 31, 2018	117	$ 120,510
Distribution paid to non-controlling interest	—	(3,510)
Accrued distributions to non-controlling interest	—	3,510
Balance at December 31, 2019	117	$ 120,510

Series B Participating Preferred Stock

On August 17, 2017, the Company and the Operating Partnership entered into an underwriting agreement with Raymond James & Associates, Inc. and Jefferies LLC, as representatives of the underwriters, pursuant to which the Company sold 6,037,500 shares of its newly designated Series B Participating Preferred Stock, at a public offering price of $25.00 per share, which is the Initial Liquidation Preference (as defined below) of the Series B Participating Preferred Stock.

Shares of Series B Participating Preferred Stock, which represent equity interests in the Company, generally have no voting rights and rank senior to the Company's common stock with respect to dividend rights and rights upon liquidation. Each preferred share of Series B Participating Preferred Stock is entitled to receive cumulative preferential cash dividends at a rate of 6.00% per annum of the $25 liquidation preference, which is payable quarterly in arrears on the last day of each March, June, September and December (the "Initial Liquidation Preference"). Upon liquidation, before any payment or distribution of the assets of the Company is made to or set apart for the holders of equity securities ranking junior to the Series B Participating Preferred Stock, the holders of the Series B Participating Preferred Stock will be entitled to receive the sum of:

(i) the Initial Liquidation Preference,

(ii) adjusted by an amount equal to 50% of the cumulative change in the estimated value of farmland in the states in which the Company owned farmland as of June 30, 2017 (measured by reference to a publicly available report released annually by the National Agricultural Statistics Board, the Agricultural Statistics Board and the U.S. Department of Agriculture) (the "FVA Adjustment"), and

(iii) all accrued and unpaid dividends, subject to a 9.0% cap on total return (the "Final Liquidation Preference").

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Notes to Consolidated Financial Statements (Continued)

After September 30, 2021, but prior to September 30, 2024, the Company at its option, may redeem all, but not less than all, of the then-outstanding shares of Series B Participating Preferred Stock at any time, for cash or for shares of common stock at a price equal to the Final Liquidation Preference plus an amount equal to the product of:

(i) the Final Liquidation Preference, and

(ii) the average change in land values in states in which the Company owned farmland as of June 30, 2017 over the immediately preceding four years and multiplied by a constant percentage of 50% and prorated for the number of days between the most recent release of the publicly available land value report used to calculate the FVA Adjustment (if such amount is positive) (the “Premium Amount”).

At any time on or after September 30, 2024, the Company, at its option, may redeem or convert to shares of common stock all, but not less than all, of the then-outstanding shares of Series B Participating Preferred Stock at the redemption price per share equal to:

(i) the Initial Liquidation Preference, plus

(ii) the FVA Amount, plus

(iii) any accrued and unpaid dividends.

The total rate of return on shares of the Series B Participating Preferred Stock is subject to a cap such that the total rate of return, when considering the Initial Liquidation Preference, the FVA Adjustment and the Premium Amount plus accrued and unpaid dividends, will not exceed 9.0%. Based on the data released by the USDA in August 2019 in their land values 2019 summary, the FVA Amount as of 2019 was determined to be $0.69 per share of Series B Participating Preferred Stock.

In connection with the issuance of the Series B Participating Preferred Stock, the sole general partner of the Operating Partnership entered into Amendment No. 2 to the Partnership Agreement in order to provide for the issuance, and the designation of the terms and conditions, of newly classified 6.00% Series B participating preferred units of limited partnership interest in the Operating Partnership (“Series B participating preferred units”), the economic terms of which are identical to those of the Series B Participating Preferred Stock. The Company contributed the net proceeds from the offering of the Series B Participating Preferred Stock to the Operating Partnership in exchange for 6,037,500 Series B participating preferred units.

The shares of Series B Participating Preferred Stock are accounted for as mezzanine equity on the consolidated balance sheet as the Series B Participating Preferred Stock is convertible and redeemable for common shares at a determinable price and date at the option of the Company but upon the occurrence of an event not solely within the control of the Company.

During the year ended December 31, 2019 and 2018, the balance recorded in mezzanine equity relating to the Series B Participating Preferred Stock was $142.9 million and $143.8 million, respectively. During the year ended December 31, 2019, and December 31, 2018 the Company declared and paid dividends relating to the Series B Participating Preferred Stock of $9.0 million and $9.1 million, respectively.

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Distributions

The Company's Board of Directors declared and and the Company paid the following distributions to common stockholders and holders of Common units for the years ended December 31, 2019, 2018 and 2017:

Fiscal Year	Declaration Date	Record Date	Payment Date	Distributions per Common Share/OP unit
2019	February 7, 2019	April 1, 2019	April 15, 2019	0.0500
	May 8, 2019	July 1, 2019	July 15, 2019	0.0500
	August 6, 2019	October 1, 2019	October 15, 2019	$ 0.0500
	November 11, 2019	January 1, 2020	January 15, 2020	0.0500
				$ 0.2000
2018				
	February 13, 2018	April 2, 2018	April 16, 2018	0.1275
	May 1, 2018	July 2, 2018	July 16, 2018	0.1275
	August 8, 2018	October 1, 2018	October 15, 2018	$ 0.0500
	November 5, 2018	January 1, 2019	January 15, 2019	0.0500
				$ 0.3550
2017				
	February 22, 2017	April 1, 2017	April 14, 2017	0.1275
	May 8, 2017	June 30, 2017	July 14, 2017	0.1275
	July 19, 2017	October 2, 2017	October 13, 2017	0.1275
	November 8, 2017	January 2, 2018	January 16, 2018	0.1275
				$ 0.5100

Additionally, in connection with the 3.00% cumulative preferential distribution on the Series A preferred units, the Company accrued $3.5 million in distributions payable as of December 31, 2019 which was paid on January 15, 2020. The distributions are payable annually in arrears on January 15 or the next business day, of each year.

In general, common stock cash dividends declared by the Company will be considered ordinary income to stockholders for income tax purposes. From time to time, a portion of the Company's dividends may be characterized as capital gains or return of capital. During the years ended December 31, 2019, 2018 and 2017 2%, 13% and 52% respectively, of the income distributed in the form of dividends was characterized as ordinary income.

Share Repurchase Program

On March 15, 2017, the Board of Directors approved a program to repurchase up to $25 million in shares of the Company's common stock. Subsequently on August 1, 2018, our Board of Directors increased the authority under the share repurchase program by an aggregate of $30 million such that the amount of shares of our common stock and Series B Participating Preferred Stock that may be repurchased is now approximately $38.5 million. Repurchases under this program may be made from time to time, in amounts and prices as the Company deems appropriate. Repurchases may be made in open market or privately negotiated transactions in compliance with Rule 10b-18 under the Securities Exchange Act of 1934, as amended, subject to market conditions, applicable legal requirements, trading restrictions under the Company's insider trading policy and other relevant factors. In November 2017, the Board of Directors approved repurchases of the Company's Series B Participating Preferred Stock from time to time under the share repurchase program. This share repurchase program does not obligate the Company to acquire any particular amount of common stock or Series B Preferred Stock and it may be modified or suspended at any time at the Company's discretion. The Company funds repurchases under the program using cash on its balance sheet. During 2019, the Company had repurchased 3,523,509 shares at an average price per share of $6.24 for a total cost of approximately $22.0 million and 41,528 shares of its Series B preferred stock for $0.9 million at an average price of $21.60 per share. As of December 31, 2019, the Company had approximately $1.0 million in shares that it can repurchase under the stock repurchase plan.

Farmland Partners Inc.
Notes to Consolidated Financial Statements (Continued)

Equity Incentive Plan

On May 3, 2017, the Company's stockholders approved the Second Amended and Restated 2014 Equity Incentive Plan (as amended and restated, the "Plan"), which increased the aggregate number of shares of the Company's common stock reserved for issuance under the Plan to approximately 1.3 million shares. As of December 31, 2019, there were 0.3 million of shares available for future grants under the Plan.

The Company may issue equity-based awards to officers, employees, independent contractors and other eligible persons under the Plan. The Plan provides for the grant of stock options, share awards (including restricted stock and restricted stock units), stock appreciation rights, dividend equivalent rights, performance awards, annual incentive cash awards and other equity based awards, including LTIP units, which are convertible on a one-for-one basis into Common units. The Plan provides for a maximum of 1.3 million shares of common stock for issuance. The terms of each grant are determined by the Compensation Committee of the Board of Directors.

During 2019 the Company granted 0.2 million restricted shares of common stock, with an aggregate grant date fair value of $1.4 million, to employees and directors. The restricted shares vest ratably over a one, three or five-year vesting period, subject to continued service.

During 2018 the Company granted 0.2 million restricted shares of common stock, with an aggregate grant date fair value of $1.2 million, to employees and directors. The restricted shares vest ratably over a one, three or five-year vesting period, subject to continued service.

During 2019, 25,423 restricted shares of common stock were forfeited by independent directors and employees. The Company had recorded $28,046 in stock based compensation and paid $3,688 in dividends with respect to such restricted shares. In connection with the forfeiture of restricted shares, the Company reversed $5,249 in previously recorded compensation expense, net of the dividends paid.

During 2018, 11,270 restricted shares of common stock were forfeited by independent directors and employees. The Company had recorded $33,896 in stock based compensation and paid $6,472 in dividends with respect to such restricted shares. In connection with the forfeiture of restricted shares, the Company reversed $2,519 in previously recorded compensation expense, net of the dividends paid.

During 2017, 8,848 restricted shares of common stock were forfeited by independent directors and employees. The Company had recorded $30,078 in stock based compensation and paid $3,659 in dividends with respect to such restricted shares. In connection with the forfeiture of restricted shares, the Company reversed $16,771 in previously recorded compensation expense, net of the dividends paid.

Farmland Partners Inc.
Notes to Consolidated Financial Statements (Continued)

A summary of the non-vested restricted shares as of December 31, 2019, 2018 and 2017 is as follows:

(*shares in thousands*)	Number of Shares		Weighted Average Grant Date Fair Value
Unvested at January 1, 2017	189	$	11.98
Granted	205	$	11.30
Vested	(108)	$	12.84
Forfeited	(9)	$	11.00
Unvested at December 31, 2017	277	$	11.16
Granted	162	$	7.67
Vested	(129)	$	8.54
Forfeited	(11)	$	8.11
Unvested at December 31, 2018	299	$	9.49
Granted	226	$	6.07
Vested	(155)	$	9.63
Forfeited	(25)	$	6.32
Unvested at December 31, 2019	345	$	7.42

For the years ended December 31, 2019, 2018 and 2017, the Company recognized $1.4 million, $1.7 million and $1.4 million, respectively, of stock-based compensation expense related to these restricted stock awards. As of December 31, 2019, 2018 and 2017, there was $1.4 million, $1.6 million and $2.1 million, respectively, of total unrecognized compensation costs related to non-vested stock awards which are expected to be recognized over weighted-average periods of 1.7 years.

Earnings per Share

The computation of basic and diluted earnings (loss) per share is as follows:

	For the year ended December 31,					
(*$ in thousands except per share data)*		2019		2018		2017
Numerator:						
Net income (loss) attributable to Farmland Partners Inc.	$	13,886	$	12,254	$	7,914
Less: Nonforfeitable distributions allocated to unvested restricted shares		(77)		(111)		(151)
Less: Distributions on redeemable non-controlling intererststs in operating partnership, Common units		—		—		—
Less: Distributions on redeemable non-controlling interests in operating partnership, Series A Preferred units		(3,510)		(3,510)		(3,510)
Less: Dividends on Series B Participating Preferred Stock		(8,975)		(9,053)		(3,346)
Net (loss) income attributable to common stockholders	$	1,324	$	(420)	$	907
Denominator:						
Weighted-average number of common shares - basic		30,169		32,162		31,210
Conversion of Series A preferred units[(1)]		—		—		—
Conversion of Series B participating preferred stock		—		—		—
Unvested restricted shares[(1)]		—		—		—
Weighted-average number of common shares - diluted		30,169		32,162		31,210
Income (loss) per share attributable to common stockholders - basic	$	0.04	$	(0.01)	$	0.03
Income (loss) per share attributable to common stockholders - diluted	$	0.04	$	(0.01)	$	0.03

(1) Anti-dilutive for the year ended December 31, 2019, 2018 and 2017.

The limited partners' outstanding Common units (which may be redeemed for shares of common stock) and Excess Units have been excluded from the diluted earnings per share calculation as there would be no effect on the amounts since the limited partners' share of income would also be added back to net income. Any anti-dilutive shares have been excluded from the diluted earnings per share calculation. Unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the

Farmland Partners Inc.
Notes to Consolidated Financial Statements (Continued)

computation of earnings per share pursuant to the two-class method. Accordingly, distributed and undistributed earnings attributable to unvested restricted shares (participating securities) have been excluded, as applicable, from net income or loss attributable to common stockholders utilized in the basic and diluted earnings per share calculations. Net income or loss figures are presented net of non-controlling interests in the earnings per share calculations. The weighted average number of Common units held by the non-controlling interest was 2.4 million and 4.6 million for the years ended December 31, 2019 and 2018, respectively. The weighted average number of Excess Units held by the non-controlling interest was 0.0 million for each of the years ended December 31, 2019 and 2018.

For the years ended December 31, 2019, 2018, and 2017, diluted weighted average common shares do not include the impact of 0.3 million of unvested compensation-related shares because the effect of these items on diluted earnings per share would be anti-dilutive.

The following equity awards and units are outstanding as of December 31, 2019, 2018 and 2017, respectively.

(in thousands)	December 31, 2019	December 31, 2018	December 31, 2017
Shares	29,607	30,295	33,058
OP Units	1,904	4,582	4,739
Unvested Restricted Stock Awards	345	299	276
	31,856	35,176	38,073

Note 10—Quarterly Financial Information (unaudited)

The following table reflects the quarterly results of operations for the years ended December 31, 2019 and 2018.

	Quarter Ended			
($ in thousands except per share data)	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
Operating revenues	$ 10,889	10,948	9,848	21,879
Operating expenses	6,366	6,994	6,622	7,245
Other expenses	4,514	(2,571)	4,689	4,855
Net (loss) income before income tax	9	6,525	(1,463)	9,779
Income tax expense	—	—	—	—
Net (loss) income	$ 9	$ 6,525	$ (1,463)	$ 9,779
Net (loss) available to common stockholders of Farmland Partners Inc.	$ (3,140)	$ 2,906	$ (4,499)	$ 6,057
Basic net (loss) per share available to common stockholders(1)	$ (0.10)	$ 0.09	$ (0.15)	$ 0.20
Diluted net (loss) per share available to common stockholders(1)	$ (0.10)	$ 0.08	$ (0.15)	$ 0.09
Basic weighted average common shares outstanding	30,791	30,637	29,497	29,723
Diluted weighted average common shares outstanding	30,791	48,370	29,497	69,874

(1) The basic and diluted net (loss) income for the quarters do not equal full year results due to issuance of common stock throughout the year and rounding.

	Quarter Ended			
($ in thousands)	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018
Operating revenues	$ 11,207	11,419	12,549	20,894
Operating expenses	6,386	6,231	6,394	7,365
Other expenses	4,318	4,207	1,998	5,130
Net (loss) income before income tax	503	981	4,157	8,399
State income tax expense	—	—	—	—
Net (loss) income	$ 503	$ 981	$ 4,157	$ 8,399
Net (loss) income available to common stockholders of Farmland Partners Inc.	$ (2,744)	$ (2,323)	$ 484	$ 4,163

Note 11—Subsequent Events

We have evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through March 13, 2020, the day the financial statements were issued.

Farmland Partners Inc.
Notes to Consolidated Financial Statements (Continued)

On February 27, 2020 the Company's Board of Directors declared a cash dividend of $0.05 per share of common stock. The dividend is payable to the Company's stockholders of record as of April 1, 2020, and is expected to be paid on April 15, 2020.

On February 27, 2020 the Company's Board of Directors declared a quarterly cash dividend of $0.375 per share of 6.00% Series B Participating Preferred Stock payable on March 31, 2020 to stockholders of record as of March 13, 2020.

On February 19, 2020, the Company entered into an agreement to extend the current office lease that was set to expire on July 31, 2020. The lease extension has a term of 13 months and will expire on August 31, 2021.

Subsequent to December 31, 2020, the Company repurchased 127,269 shares of common stock at a weighted average price of $6.83 per share for an aggregate purchase price of $0.9 million.

Note 12—Hedge Accounting

Cash Flow Hedging Strategy

For derivative instruments that are designated and qualify as a cash flow hedge (i.e., hedging the exposure to variability in expected future cash flows that is attributable to a particular risk), the entire change in the fair value of the Company's designated cash flow hedges is recorded to accumulated other comprehensive income, a component of shareholders' equity in the Company's consolidated balance sheets.

The Company has entered into an interest rate swap agreement to manage interest rate risk exposure. An interest rate swap agreement utilized by the Company effectively modifies the Company's exposure to interest rate risk by converting the Company's floating-rate debt to a fixed rate basis for the next five years on 50% of the currently outstanding amount to Rabobank, thus reducing the impact of interest rate changes on future interest expense. This agreement involves the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreement without an exchange of the underlying principal amount.

The Company determines the hedge effectiveness of its interest rate swaps at inception using regression analysis. On an ongoing basis the Company reviews hedge effectiveness through assessing the hedge relationship by comparing the current terms of the swap and the associated debt to ensure they continue to coincide through the continued ability of the Counterparty to the swap to honor its obligations under the swap contract. If the qualitative assessment indicates that the hedge relationship cannot be concluded is more likely than not highly effective, the Company performs a regression analysis. As of the date of this report, the Company concluded the hedge was highly effective.

As of December 31, 2019, the total notional amount of the Company's receive-variable/pay-fixed interest rate swaps was $33.2 million.

The fair value of the Company's derivative instrument is set out below:

($ in thousands)

Instrument	Balance sheet location	Fair Value
Interest rate swap	Derivative liability	$ 1,644
	Other Comprehensive Income	(1,644)

The effect of derivative instruments on the consolidated statements of operations for the period ended December 31, 2019 is set out below:

Farmland Partners Inc.
Notes to Consolidated Financial Statements (Continued)

($ in thousands) **Cash flow hedging relationships**	**Amount of Gain / (Loss) reclassified in OCI on derivative**	**Location of Gain (Loss) reclassified from Accumulated OCI into income**
Interest rate contracts	(39)	Interest expense

FASB ASC 820-10 establishes a three-level hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- *Level 1*—Inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets.
- *Level 2*—Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets and inputs that are observable or can be substantially corroborated for the asset or liability, either directly or indirectly.
- *Level 3*—Inputs to the valuation methodology are unobservable, supported by little or no market activity and are significant to the fair value measurement.

The fair values of the Company's interest rate swap agreements are determined using the market standard methodology of netting the discounted future fixed cash payments and the discounted expected variable cash receipts, which is considered a Level 2 measurement under the fair value hierarchy. The variable cash receipts are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves.

The following table outlines the movements in the other comprehensive income account as at December 31, 2019 and December 31, 2018:

($ in thousands)		**December 31, 2019**		**December 31, 2018**
Beginning accumulated derivative instrument gain or loss	$	(865)	$	—
Net change associated with current period hedging transactions		(779)		(865)
Net amount of reclassification into earnings		—		—
Difference between a change in fair value of excluded components		—		—
Closing accumulated derivative instrument gain or loss	$	(1,644)	$	(865)

Farmland Partners Inc.
Schedule III – Real Estate and Accumulated Depreciation
December 31, 2019
($ In Thousands)

		Initial Cost to Company			Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period						
Description	Encumbrances	Land	Improvements	Total	Improvements	Land Improvements	Land	Improvements	Total	Accumulated Depreciation	Date of Construction	Date Acquired	Life on Which Depreciation in Latest Income Statements is Computed
California	(m)	44,994	-	44,994	-	-	44,994	-	44,994	-		2017	-
North Carolina	(d)	41,906	-	41,906	5	578	42,484	5	42,489	0		2015	-
California	(m)	33,482	-	33,482	-	-	33,482	-	33,482	-		2017	-
Illinois	(k)	29,627	431	30,058	2,267	50	29,677	2,699	32,376	236	2017, 2018	2017	14
Louisiana	(g)	30,584	1,180	31,764	181	254	30,838	1,361	32,199	174	2018, 2019	2016	30
California	(m)	31,567	-	31,567	-	-	31,567	-	31,567	-		2017	-
California	(p), (s)	19,925	11,521	31,445	(561)	-	19,925	10,960	30,884	2,816	2017	2017	12
Illinois	(k)	22,937	1,484	24,421	1,301	(11)	22,926	2,786	25,711	221	2017, 2018, 2019	2017	23
South Carolina	(t)	12,057	1,474	13,531	5,840	53	12,110	7,314	19,424	626	2014, 2017, 2018, 2019	2014	24
California	(r)	7,647	11,518	19,164	207	-	7,647	11,725	19,371	1,409	2017, 2018	2017	20
California	(s)	9,998	8,116	18,114	-	-	9,998	8,116	18,114	1,597	2017	2017	14
California	(s)	10,947	6,878	17,825	64	-	10,947	6,942	17,889	1,167	2017	2017	21
North Carolina	(v)	17,627	-	17,627	-	0	17,627	-	17,627	-	2018	2018	-
South Carolina	(l)	14,866	906	15,772	239	-	14,866	1,145	16,011	110	2017, 2018	2017	29
California	(s)	11,888	3,398	15,286	(58)	-	11,888	3,340	15,228	715	2017	2017	15
Florida	(a)	9,295	202	9,497	2,212	3,036	12,331	2,414	14,745	94	2016, 2017, 2019	2016	38
Illinois	(f)	9,689	420	10,109	(5)	4,497	14,186	415	14,601	70	2016, 2017, 2018	2016	21
California	(q)	8,326	6,075	14,401	41	-	8,326	6,117	14,443	657	2017, 2018, 2019	2017	25
California	(p)	9,043	4,546	13,589	2	-	9,043	4,549	13,592	803	2017, 2018	2017	17
California	(q), (s)	10,167	2,902	13,069	421	-	10,167	3,323	13,490	725	2017	2017	13
California	(p)	7,492	2,889	10,380	434	-	7,492	3,322	10,814	636	2017, 2019	2017	12
Colorado	(t)	10,716	70	10,786	-	(0)	10,716	70	10,786	5	2014	2014	39
California	(r)	9,534	263	9,796	2	-	9,534	265	9,799	76	2017	2017	14
California	(s)	6,191	2,772	8,963	-	-	6,191	2,772	8,963	488	2017	2017	11
South Carolina	(d)	8,633	133	8,766	130	5	8,638	263	8,901	26	2015, 2017	2015	25
California	(q)	4,710	3,317	8,027	-	-	4,710	3,317	8,027	415	2017	2017	15
Virginia	(d)	7,277	-	7,277	-	0	7,277	-	7,277	-		2015	-
Florida	(o)	6,402	593	6,995	269	-	6,402	862	7,264	152	2017, 2019	2017	12
Arkansas	(t)	6,914	287	7,201	22	16	6,930	309	7,239	39	2014, 2017, 2018	2014	24
North Carolina	(d)	7,239	-	7,239	-	(16)	7,223	-	7,223	-		2015	-
South Carolina	(t)	4,679	25	4,704	2,348	4	4,683	2,373	7,056	292	2017, 2016, 2015	2014	33
Mississippi	(t)	6,654	133	6,787	3	(0)	6,654	136	6,790	16	2014, 2015	2014	25
South Dakota	(l)	6,731	-	6,731	-	-	6,731	-	6,731	-		2017	-
Illinois	(f)	5,453	105	5,558	7	1,022	6,475	112	6,587	13	2016	2016	23
Georgia	(q)	3,574	2,922	6,496	46	-	3,574	2,968	6,542	1,417	2017, 2019	2017	11
Texas		4,188	1,929	6,117	343	(0)	4,188	2,272	6,460	311	2016, 2018	2016	27
Florida	(q)	2,674	3,565	6,239	-	-	2,674	3,565	6,239	702	2017	2017	12
Arkansas	(i)	5,924	244	6,168	0	(0)	5,924	244	6,168	37	2015	2015	21
North Carolina	(d)	5,750	-	5,750	-	4	5,754	-	5,754	-		2015	-
Arkansas	(o)	5,532	101	5,633	10	3	5,535	110	5,645	29	2017, 2019	2017	9
Illinois	(f)	6,086	-	6,086	450	(909)	5,177	450	5,627	22	2018	2016	40
Colorado	(j)	792	4,731	5,523	84	1	793	4,815	5,608	240	2016, 2017, 2019	2016	16
Mississippi	(i)	5,338	238	5,576	0	(0)	5,338	238	5,576	47	2015	2015	15
Colorado	(l)	4,156	1,280	5,436	(3)	-	4,156	1,277	5,433	146	2017	2017	26
Arkansas	(v)	5,169	185	5,354	-	-	5,169	185	5,354	39	2017	2017	15
Louisiana	(t)	5,100	52	5,152	154	(0)	5,100	206	5,306	37	2017, 2016, 2015	2014	17
Illinois	(f)	5,493	-	5,493	338	(801)	4,692	338	5,030	102	2017	2016	10
Arkansas	(t)	4,536	50	4,586	81	27	4,563	131	4,693	21	2014, 2017	2014	17
Illinois	(o)	4,575	-	4,575	-	-	4,575	-	4,575	-		2017	-
California	(v)	2,461	1,974	4,435	-	-	2,461	1,974	4,435	262	2017	2017	17
South Carolina	(t)	2,235	-	2,235	1,557	519	2,754	1,557	4,311	181	2017, 2016, 2015	2014	28
Arkansas	(j)	4,035	38	4,073	188	(0)	4,035	226	4,260	14	2016, 2017, 2018, 2019	2016	28
North Carolina	(d)	4,242	-	4,242	-	4	4,246	-	4,246	-		2015	-
Illinois	(f)	4,920	4	4,924	148	(1,025)	3,895	152	4,047	8	2017	2016	50
Colorado	(t)	3,566	359	3,925	67	0	3,566	426	3,992	45	2014, 2017, 2018	2014	21

Farmland Partners Inc.
Schedule III – Real Estate and Accumulated Depreciation
December 31, 2019
($ In Thousands)

Description	Encumbrances	Initial Cost to Company			Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period			Accumulated Depreciation	Date of Construction	Date Acquired	Life on Which Depreciation in Latest Income Statements is Computed
		Land	Improvements	Total	Improvements	Land Improvements	Land	Improvements	Total				
North Carolina	(d)	3,864	-	3,864	-	8	3,872	-	3,872	-		2015	-
Illinois	(f)	4,350	-	4,350	-	(572)	3,778	-	3,778	-		2016	-
Illinois	(f)	3,821	-	3,821	-	(97)	3,724	-	3,724	-		2016	-
Georgia	(i)	3,306	368	3,674	18	(0)	3,306	386	3,692	51	2015, 2016, 2017, 2018	2015	22
Illinois	(h)	2,981	-	2,981	634	(0)	2,981	634	3,615	65	2017, 2009	2007 & 2010	38
Alabama	(q)	1,719	1,883	3,602	(7)	-	1,719	1,875	3,595	245	2017	2017	16
Illinois	(f)	3,186	-	3,186	-	407	3,593	-	3,593	-		2016	-
Illinois	(f)	4,522	4	4,526	(0)	(950)	3,572	4	3,576	1	2016	2016	10
Mississippi	(b)	3,471	41	3,512	63	(0)	3,471	104	3,575	9	2015, 2017	2015	34
Arkansas	(t)	3,277	145	3,422	44	27	3,304	189	3,493	27	2014, 2015, 2018, 2019	2014	21
Illinois	(f)	3,232	-	3,232	-	261	3,493	-	3,493	-		2016	-
Illinois	(h)	1,290	-	1,290	2,199	(0)	1,290	2,199	3,488	210	2017, 2015, 2011	2007	38
Nebraska	(t)	1,881	55	1,936	1,476	1	1,882	1,531	3,413	172	2017, 2015, 2012	2012	30
South Carolina	(b)	1,959	344	2,303	970	0	1,959	1,314	3,273	95	2017, 2015	2015	35
Illinois	(f)	3,500	28	3,528	361	(699)	2,801	389	3,190	23	2016, 2018	2016	15
Illinois	(o)	3,163	-	3,163	-	-	3,163	-	3,163	-		2017	-
Illinois	(f)	3,541	-	3,541	-	(478)	3,063	-	3,063	-		2016	-
Arkansas	(e)	2,808	184	2,992	58	7	2,815	242	3,057	44	2015, 2017, 2018	2015	18
Arkansas	(t)	2,985	156	3,141	8	(96)	2,889	164	3,053	35	2014, 2016	2014	16
Arkansas	(b)	3,264	165	3,429	191	(590)	2,674	356	3,030	58	2014, 2015, 2016, 2017	2014	27
South Carolina	(t)	2,199	138	2,337	665	22	2,221	803	3,024	64	2014, 2015, 2017, 2019	2014	30
Colorado	(t)	3,099	-	3,099	-	(133)	2,966	-	2,966	-		2014	-
Illinois	(f)	2,997	68	3,065	253	(388)	2,609	321	2,930	92	2018, 2016	2016	10
Illinois	(f)	3,470	-	3,470	4	(582)	2,888	4	2,891	1	2016	2016	12
Illinois	(f)	2,015	-	2,015	216	636	2,651	216	2,867	6	2016, 2019	2016	34
Nebraska	(c)	2,601	114	2,715	131	(0)	2,601	245	2,845	15	2015, 2016, 2018	2015	27
Illinois	(f)	2,882	42	2,924	(0)	(98)	2,784	42	2,826	9	2016	2016	12
Georgia	(l)	1,905	-	1,905	779	125	2,030	779	2,810	54	2017	2017	32
Illinois	(h)	2,573	-	2,573	236	(1)	2,572	236	2,809	14	2017	2010	50
North Carolina	(v)	2,768	-	2,768	-	0	2,768	-	2,768	-	2018	2018	-
Illinois	(f)	3,277	-	3,277	-	(517)	2,760	-	2,760	-		2016	-
Arkansas	(t)	2,645	40	2,685	42	21	2,666	82	2,748	6	2014, 2018, 2019	2014	10
Illinois	(f)	3,058	-	3,058	-	(353)	2,705	-	2,705	-		2016	-
California	(s)	967	1,357	2,324	375	-	967	1,732	2,699	244	2017, 2018	2017	16
Nebraska	(c)	2,539	78	2,617	(23)	0	2,539	55	2,594	8	2016	2015	20
Nebraska	(e)	693	1,785	2,478	90	(0)	693	1,875	2,567	168	2014, 2016, 2018, 2019	2014	19
Michigan	(i)	904	1,654	2,558	(0)	(0)	904	1,654	2,558	219	2015	2015	23
Colorado	(b)	1,995	84	2,079	466	(0)	1,995	550	2,545	83	2017, 2016	2015	18
Illinois	(l)	2,525	-	2,525	-	-	2,525	-	2,525	-		2017	-
Illinois	(f)	1,956	-	1,956	-	557	2,513	-	2,513	-		2016	-
Arkansas	(t)	2,262	82	2,344	4	96	2,358	86	2,444	9	2014, 2015	2014	27
Illinois	(f)	3,030	-	3,030	-	(600)	2,430	-	2,430	-		2016	-
Illinois	(f)	2,103	105	2,208	(0)	218	2,321	105	2,426	13	2016	2016	25
Nebraska	(c)	2,280	44	2,324	95	0	2,280	139	2,419	19	2017, 2016, 2015	2015	22
Illinois	(f)	1,945	-	1,945	-	473	2,418	-	2,418	-		2016	-
Illinois	(f)	2,718	-	2,718	-	(332)	2,386	-	2,386	-		2016	-
South Carolina	(l)	1,321	91	1,412	691	247	1,567	782	2,349	51	2017, 2018	2017	31
South Carolina	(v)	1,406	806	2,212	128	(0)	1,406	934	2,341	100	2017, 2018, 2019	2017	31
Mississippi		2,321	15	2,336	-	(1)	2,320	15	2,335	4	2016	2016	10
Colorado	(t)	2,328	-	2,328	-	(0)	2,328	-	2,328	-		2014	-
Illinois	(f)	2,075	-	2,075	-	252	2,327	-	2,327	-		2016	-
South Carolina	(t)	1,803	158	1,961	364	(0)	1,803	522	2,325	45	2014, 2015	2014	26
Arkansas	(t)	2,316	-	2,316	3	0	2,316	3	2,319	-		2014	-
Nebraska	(c)	2,316	126	2,442	(126)	(0)	2,316	-	2,316	-		2015	-
Illinois	(f)	3,212	-	3,212	95	(996)	2,216	95	2,311	5	2018	2016	40

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Description	Encumbrances	Land	Improvements	Total	Improvements	Land Improvements	Land	Improvements	Total	Accumulated Depreciation	Date of Construction	Date Acquired	Life on Which Depreciation in Latest Income Statements is Computed
Colorado		637	1,604	2,241	0	1	637	1,604	2,241	226	2017	2017	50
North Carolina	(v)	2,177	-	2,177	-	(0)	2,177	-	2,177	-	2018	2018	-
Illinois	(f)	1,614	94	1,708	(0)	456	2,070	94	2,163	12	2016	2016	23
Illinois	(f)	2,682	-	2,682	204	(725)	1,957	204	2,161	11	2017	2016	50
Illinois	(f)	2,423	-	2,423	-	(276)	2,147	-	2,147	-		2016	-
Illinois	(f)	1,769	-	1,769	-	371	2,140	-	2,140	-		2016	-
Colorado	(b)	1,365	663	2,028	101	0	1,365	764	2,129	61	2015	2015	21
Arkansas	(t)	2,014	96	2,110	0	(8)	2,006	96	2,102	16	2014	2014	21
Illinois	(f)	1,643	88	1,731	0	344	1,987	88	2,075	11	2016	2016	23
Colorado	(e)	1,301	699	2,000	70	(0)	1,301	769	2,070	53	2015, 2016, 2017, 2019	2015	24
South Carolina	(t)	1,568	-	1,568	433	64	1,632	433	2,065	37	2015, 2017, 2019	2014	30
Illinois	(h)	1,700	-	1,700	346	-	1,700	346	2,046	27	2017	2012	35
Illinois	(f)	2,402	-	2,402	-	(372)	2,030	-	2,030	-		2016	-
Colorado	(t)	1,817	210	2,027	1	(7)	1,810	211	2,021	52	2014, 2016	2014	14
South Carolina	(v)	1,090	-	1,090	776	144	1,234	776	2,011	30	2018, 2019	2018	40
Colorado	(j)	1,760	-	1,760	239	0	1,760	239	1,999	23	2017	2016	24
Illinois	(f)	1,996	-	1,996	-	(50)	1,946	-	1,946	-		2016	-
Illinois	(f)	1,972	-	1,972	-	(43)	1,929	-	1,929	-		2016	-
Illinois	(f)	2,542	-	2,542	-	(617)	1,925	-	1,925	-		2016	-
Illinois	(j)	1,905	-	1,905	-	(0)	1,905	-	1,905	-		2016	-
Colorado	(t)	1,079	812	1,891	(0)	0	1,079	812	1,891	54	2014	2014	31
Illinois	(f)	2,100	-	2,100	98	(309)	1,791	98	1,889	5	2018	2016	40
Illinois	(f)	1,590	-	1,590	-	280	1,870	-	1,870	-		2016	-
Illinois	(f)	1,891	-	1,891	-	(56)	1,835	-	1,835	-		2016	-
Illinois	(f)	1,603	-	1,603	-	228	1,831	-	1,831	-		2016	-
Illinois	(o)	1,825	-	1,825	-	(0)	1,825	-	1,825	-	2018	2018	-
North Carolina	(d)	1,770	-	1,770	-	0	1,770	-	1,770	-		2015	-
Illinois	(f)	1,256	-	1,256	-	511	1,767	-	1,767	-		2016	-
Illinois	(h)	1,750	-	1,750	-	-	1,750	-	1,750	-		2009	-
Illinois	(o)	1,735	-	1,735	-	-	1,735	-	1,735	-		2017	-
Nebraska	(t)	1,610	32	1,642	81	(2)	1,608	113	1,720	12	2014, 2015	2014	24
Nebraska	(t)	1,639	46	1,685	10	(2)	1,637	56	1,694	6	2014, 2015	2014	22
Colorado	(t)	1,305	376	1,681	10	(0)	1,305	386	1,691	107	2014, 2016	2014	16
Illinois	(f)	1,439	-	1,439	-	240	1,679	-	1,679	-		2016	-
Michigan	(i)	779	851	1,630	39	(0)	779	890	1,669	187	2016, 2019	2016	19
South Carolina		1,303	225	1,528	132	0	1,303	357	1,661	35	2016, 2017	2016	34
Illinois	(f)	1,859	-	1,859	-	(209)	1,650	-	1,650	-		2016	-
South Carolina	(t)	1,078	-	1,078	548	21	1,099	548	1,647	50	2015, 2017	2014	28
Colorado		1,622	-	1,622	-	-	1,622	-	1,622	-		2019	-
Nebraska	(c)	1,314	65	1,379	242	(0)	1,314	307	1,621	42	2015	2015	20
Nebraska	(t)	1,539	-	1,539	70	(1)	1,539	70	1,608	5	2015	2012	45
Illinois	(f)	1,718	-	1,718	-	(120)	1,598	-	1,598	-		2016	-
Nebraska	(b)	1,244	69	1,313	269	0	1,244	338	1,582	29	2014, 2015	2014	22
Georgia	(j)	1,330	72	1,402	180	(0)	1,330	252	1,581	17	2016, 2019	2016	18
Illinois	(h)	1,423	60	1,483	68	-	1,423	128	1,551	20	2013	2007	27
Illinois	(f)	1,130	35	1,165	(0)	379	1,509	35	1,544	6	2016	2016	23
Illinois	(f)	729	-	729	-	815	1,544	-	1,544	-		2016	-
Illinois	(f)	1,853	-	1,853	-	(313)	1,540	-	1,540	-		2016	-
Colorado	(t)	1,353	184	1,537	0	(0)	1,353	184	1,537	67	2014	2014	9
Illinois	(t)	1,500	-	1,500	26	-	1,500	26	1,526	2	2015	2008	50
Kansas	(i)	1,915	-	1,915	-	(395)	1,520	-	1,520	-		2015	-
Illinois	(f)	1,693	-	1,693	109	(317)	1,376	109	1,485	6	2017	2016	50
Illinois	(o)	1,471	-	1,471	-	(0)	1,471	-	1,471	-	2018	2018	-
Illinois	(f)	1,115	28	1,143	9	318	1,433	37	1,470	6	2016, 2018	2016	23
Mississippi	(e)	1,437	33	1,470	(0)	(0)	1,437	33	1,470	2	2015, 2017	2015	29

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		Land	Improvements	Total	Improvements	Land Improvements	Land	Improvements	Total				
Illinois	(f)	1,620	-	1,620	-	(167)	1,453	-	1,453	-		2016	-
Illinois	(f)	1,063	27	1,090	0	348	1,411	27	1,438	7	2016	2016	22
Illinois	(f)	1,675	4	1,679	(4)	(244)	1,431	-	1,431	-	2016	2016	-
Illinois	(f)	1,083	-	1,083	-	336	1,419	-	1,419	-		2016	-
Illinois		1,403	-	1,403	-	-	1,403	-	1,403	-		2019	-
South Carolina	(l)	1,032	170	1,203	183	13	1,045	353	1,398	37	2017, 2018	2017	31
Nebraska	(b)	1,100	28	1,128	248	0	1,100	276	1,376	16	2014, 2015, 2018	2014	18
Illinois	(f)	1,523	-	1,523	126	(277)	1,246	126	1,372	7	2017	2016	50
Nebraska	(v)	1,149	-	1,149	202	(0)	1,149	202	1,350	11	2018	2018	40
Nebraska	(c)	1,346	34	1,380	(34)	0	1,346	-	1,346	-		2015	-
Illinois	(f)	1,254	-	1,254	-	83	1,337	-	1,337	-		2016	-
Nebraska	(i)	1,232	56	1,288	(0)	31	1,263	56	1,319	6	2015	2015	24
Illinois	(f)	1,126	44	1,170	0	146	1,272	44	1,316	4	2016	2016	31
Nebraska	(c)	1,279	23	1,302	6	0	1,279	29	1,308	6	2015, 2017	2015	12
Colorado	(t)	1,238	-	1,238	-	45	1,283	-	1,283	-		2014	-
Nebraska	(c)	1,242	37	1,279	(5)	(0)	1,242	32	1,273	4	2015	2015	23
Illinois	(b)	1,120	-	1,120	138	-	1,120	138	1,258	8	2016	2008	50
Colorado	(t)	1,030	170	1,200	31	0	1,030	201	1,231	86	2014, 2016, 2017	2014	11
Illinois	(f)	1,435	-	1,435	-	(204)	1,231	-	1,231	-		2016	-
Illinois	(f)	1,481	-	1,481	-	(254)	1,227	-	1,227	-		2016	-
Illinois	(f)	1,731	-	1,731	-	(515)	1,216	-	1,216	-		2016	-
Illinois	(t)	1,147	-	1,147	60	0	1,147	60	1,207	4	2016	2013	50
Illinois	(h)	1,003	-	1,003	198	(0)	1,003	198	1,201	4	2015, 2017	2008	45
Illinois	(f)	844	-	844	112	242	1,086	112	1,198	0		2016	-
Illinois	(f)	1,219	-	1,219	-	(23)	1,196	-	1,196	-		2016	-
Nebraska	(c)	1,077	33	1,110	80	(0)	1,077	113	1,189	5	2015	2015	28
Colorado	(t)	579	513	1,092	18	65	644	531	1,175	139	2014, 2015, 2016	2014	14
Illinois	(f)	1,320	-	1,320	-	(147)	1,173	-	1,173	-		2016	-
North Carolina	(v)	1,161	-	1,161	-	0	1,161	-	1,161	-	2018	2018	-
Illinois	(f)	617	-	617	-	535	1,152	-	1,152	-		2016	-
Nebraska	(h)	1,109	40	1,149	-	-	1,109	40	1,149	6	2012	2012	20
Illinois	(f)	845	63	908	0	241	1,086	63	1,149	10	2016	2016	22
Nebraska	(c)	1,136	11	1,147	0	(0)	1,136	11	1,147	6	2015	2015	6
Colorado	(t)	747	393	1,140	(0)	0	747	393	1,140	35	2014	2014	26
Illinois	(f)	$ 1,229	$ -	$ 1,229	$ 116	$ (219)	$ 1,010	$ 116	$ 1,126	$ 6	2018	2016	40
Colorado	(t)	1,128	68	1,196	(32)	(45)	1,083	36	1,119	3	2017	2014	3
Illinois	(f)	774	47	821	0	293	1,067	47	1,115	6	2016	2016	25
Illinois	(f)	1,058	-	1,058	-	49	1,107	-	1,107	-		2016	-
Colorado	(t)	1,105	-	1,105	-	(0)	1,105	-	1,105	-		2014	-
Colorado	(t)	773	323	1,096	(0)	0	773	323	1,096	34	2014	2014	21
Illinois	(f)	855	55	910	(12)	198	1,053	43	1,096	5	2016	2016	28
Illinois	(f)	708	-	708	-	387	1,095	-	1,095	-		2016	-
Illinois	(f)	854	-	854	-	221	1,075	-	1,075	-		2016	-
Nebraska	(i)	848	197	1,045	22	0	848	219	1,067	25	2014, 2015, 2017	2014	25
Colorado	(t)	554	443	997	70	(3)	551	513	1,064	40	2014, 2015, 2017	2014	23
Nebraska	(t)	994	20	1,014	41	(2)	992	61	1,052	8	2014, 2015	2014	27
Illinois	(t)	801	97	898	152	-	801	249	1,050	15	2016	2004, 2006, 2016	50
Illinois	(f)	950	40	990	(0)	46	996	40	1,036	4	2016	2016	32
Colorado	(h)	819	94	913	113	-	819	207	1,026	22	2014, 2017, 2018	2010	22
Illinois	(f)	727	-	727	-	299	1,026	-	1,026	-		2016	-
Colorado	(e)	809	141	950	64	(0)	809	205	1,014	22	2015	2015	26
Illinois	(f)	1,171	-	1,171	-	(158)	1,013	-	1,013	-		2016	-
Georgia	(i)	795	65	860	105	31	826	170	997	15	2016, 2017	2016	31
Illinois	(h)	991	-	991	-	-	991	-	991	-		2012	-
Illinois	(f)	800	130	930	(0)	59	859	130	989	15	2016	2016	27

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Illinois	(f)	1,259	-	1,259	-	(273)	986	-	986	-		2016	-
Illinois	(f)	1,119	-	1,119	-	(133)	986	-	986	-		2016	-
Illinois	(f)	775	-	775	3	186	961	3	964	0		2016	-
Georgia		756	202	958	0	(1)	755	202	958	17	2016	2016	36
Illinois	(h)	923	53	976	(29)	-	923	24	947	1	2011	2011	50
Kansas	(t)	805	178	983	(0)	(38)	767	178	945	53	2014	2014	14
Illinois	(t)	902	34	936	-	-	902	34	936	5	2008	2008	21
Illinois	(f)	1,075	-	1,075	70	(230)	845	70	915	3	2018	2016	40
Illinois	(f)	1,080	-	1,080	-	(175)	905	-	905	-		2016	-
Illinois	(f)	864	-	864	-	41	905	-	905	-		2016	-
Colorado	(t)	481	373	854	2	46	527	375	902	103	2014, 2016	2014	15
Illinois	(f)	989	-	989	77	(178)	811	77	888	4	2018	2016	40
Illinois	(f)	995	-	995	58	(177)	818	58	875	3	2017	2016	50
Illinois	(f)	975	-	975	-	(100)	875	-	875	-		2016	-
Illinois	(i)	815	-	815	60	0	815	60	875	4	2017	2015	50
Georgia	(j)	718	144	862	10	0	718	154	872	19	2016	2016	25
Nebraska	(b)	862	-	862	-	(0)	862	-	862	-		2015	-
Illinois	(f)	972	-	972	-	(114)	858	-	858	-		2016	-
Illinois	(f)	671	96	767	(54)	143	814	42	856	4	2016	2016	28
Illinois	(h)	644	93	737	107	-	644	200	844	12	2015	2000	50
Illinois	(i)	762	-	762	75	(0)	762	75	837	11	2016	2015	20
Nebraska	(t)	742	-	742	94	0	742	94	836	11	2013	2012	25
Illinois	(b)	700	110	810	20	-	700	130	830	8	2006, 2015	2004	50
Illinois	(f)	1,005	-	1,005	-	(180)	825	-	825	-		2016	-
Illinois	(f)	980	-	980	-	(155)	825	-	825	-		2016	-
Illinois	(l)	825	-	825	-	-	825	-	825	-		2017	-
Illinois	(o)	805	-	805	-	-	805	-	805	-		2017	-
Colorado	(t)	803	-	803	-	(0)	803	-	803	-		2014	-
Illinois	(f)	732	-	732	-	64	796	-	796	-		2016	-
Illinois	(f)	762	-	762	-	20	782	-	782	-		2016	-
Illinois	(f)	630	-	630	-	145	775	-	775	-	2016	2016	-
Nebraska	(t)	702	72	774	0	(2)	700	72	772	6	2014	2014	35
Illinois	(o)	748	-	748	-	-	748	-	748	-		2017	-
Illinois	(f)	421	-	421	43	280	701	43	743	3	2016	2016	50
Kansas	(t)	737	-	737	-	(0)	737	-	737	-		2014	-
Nebraska	(i)	711	22	733	0	(0)	711	22	733	3	2015	2015	20
Illinois	(f)	857	-	857	-	(125)	732	-	732	-		2016	-
Illinois	(f)	879	-	879	4	(155)	724	4	727	1	2016	2016	20
Illinois	(f)	552	-	552	31	143	695	31	725	0		2016	-
Illinois	(h)	725	-	725	-	-	725	-	725	-		2010	-
Illinois	(h)	668	-	668	51	1	669	51	720	3	2015	2007	50
Illinois	(o)	717	-	717	-	(0)	717	-	717	-	2018	2018	-
Illinois	(f)	612	38	650	0	51	663	38	701	4	2016	2016	29
Illinois	(v)	701	-	701	-	-	701	-	701	-		2017	-
Illinois	(f)	968	-	968	-	(269)	699	-	699	-		2016	-
Illinois	(j)	667	30	697	(0)	0	667	30	697	4	2016	2016	24
Illinois	(h)	693	-	693	-	-	693	-	693	-		2008	-
Georgia	(i)	555	106	661	9	18	573	115	687	11	2015, 2018, 2019	2015	30
Illinois	(h)	684	-	684	-	0	684	-	684	-		2007	-
South Carolina	(l)	477	57	534	148	-	477	205	682	16	2017	2017	32
Illinois	(i)	681	-	681	-	0	681	-	681	-		2015	-
Illinois	(f)	505	-	505	-	173	678	-	678	-		2016	-
Illinois	(i)	667	-	667	-	1	668	-	668	-		2016	-
Illinois	(h)	448	100	548	110	-	448	210	658	13	2006, 2015	2003	50
Illinois	(o)	652	-	652	-	(0)	652	-	652	-	2018	2018	-

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		Land	Improvements	Total	Improvements	Land Improvements	Land	Improvements	Total				
Illinois	(f)	507	-	507	-	142	649	-	649	-		2016	-
Illinois	(f)	466	-	466	-	178	644	-	644	-		2016	-
Georgia	(i)	482	142	624	(0)	10	492	142	634	14	2016, 2017	2016	27
Illinois	(f)	746	-	746	-	(127)	619	-	619	-		2016	-
Illinois	(f)	939	-	939	-	(326)	613	-	613	-		2016	-
Illinois	(h)	610	-	610	-	(0)	610	-	610	-		2012	-
Illinois	(f)	744	-	744	-	(136)	608	-	608	-		2016	-
Colorado	(t)	374	201	575	2	30	404	203	608	54	2014, 2016, 2017	2014	11
Nebraska	(b)	607	-	607	-	(0)	607	-	607	-		2015	-
Georgia		469	108	577	25	0	469	133	603	9	2016	2016	36
Nebraska	(b)	561	-	561	-	41	602	-	602	-		2014	-
Illinois	(t)	527	37	564	16	-	527	53	580	3	2011	2011	50
Illinois	(j)	563	-	563	-	0	563	-	563	-		2016	-
North Carolina	(v)	554	-	554	-	0	554	-	554	-	2018	2018	-
Illinois	(f)	534	-	534	-	11	545	-	545	-		2016	-
Georgia	(i)	475	53	528	16	0	475	69	545	10	2015, 2018	2015	21
Illinois	(f)	536	-	536	-	(15)	521	-	521	-		2016	-
Illinois	(f)	447	-	447	-	74	521	-	521	-		2016	-
Nebraska	(c)	500	10	510	0	0	500	10	510	5	2015	2015	5
South Carolina		460	-	460	40	(0)	460	40	500	1	2019	2018	20
Kansas	(l)	319	181	500	-	-	319	181	500	26	2017, 2019	2017	20
Illinois	(h)	442	38	480	0	-	442	38	480	5	2009	2009	24
Illinois	(f)	601	-	601	-	(158)	443	-	443	-		2016	-
Illinois	(f)	362	-	362	-	76	438	-	438	-		2016	-
Illinois	(f)	499	22	521	25	(112)	387	47	434	3	2016, 2018	2016	29
South Carolina	(v)	354	-	354	79	0	354	79	433	5	2018, 2019	2018	40
Illinois	(f)	487	-	487	41	(96)	391	41	432	2	2017	2016	50
Illinois	(f)	576	-	576	-	(144)	432	-	432	-		2016	-
Illinois	(f)	254	-	254	-	174	428	-	428	-		2016	-
Illinois	(o)	428	-	428	-	0	428	-	428	-	2018	2018	-
Illinois	(f)	170	-	170	-	250	420	-	420	-		2016	-
Colorado	(t)	419	-	419	-	0	419	-	419	-		2014	-
Illinois	(h)	290	38	328	87	-	290	125	415	7	2006, 2015	2006	50
Illinois	(i)	371	-	371	38	(0)	371	38	409	2	2017	2016	50
Illinois	(f)	296	-	296	39	66	362	39	401	0		2016	-
Illinois	(f)	370	-	370	-	28	398	-	398	-		2016	-
Illinois	(b)	398	-	398	-	-	398	-	398	-		2008	-
Colorado	(i)	-	-	-	-	395	395	-	395	-		2015	-
Illinois	(f)	359	-	359	-	35	394	-	394	-		2016	-
Illinois	(h)	322	36	358	22	-	322	58	380	3	2006, 2017, 2018	2006	47
Illinois	(o)	363	-	363	-	0	363	-	363	-	2018	2018	-
Illinois	(t)	102	59	161	201	-	102	260	362	15	2006, 2017	2003	50
Illinois	(h)	271	73	344	16	0	271	89	360	5	2006, 2015	2001	50
Illinois	(f)	291	-	291	-	63	354	-	354	-		2016	-
Illinois	(f)	360	-	360	-	(9)	351	-	351	-		2016	-
Nebraska	(t)	342	4	346	(1)	(2)	341	4	344	0	2017	2014	27
Illinois	(f)	282	-	282	-	58	340	-	340	-		2016	-
Illinois	(t)	321	24	345	(8)	-	321	16	337	1	2011	2011	50
Kansas	(j)	235	90	325	3	(0)	235	93	328	13	2016, 2017	2016	21
Illinois	(f)	320	-	320	-	(2)	318	-	318	-		2016	-
Illinois	(f)	286	-	286	-	29	315	-	315	-		2016	-
North Carolina	(v)	310	-	310	-	0	310	-	310	-	2018	2018	-
Illinois	(f)	353	-	353	-	(44)	309	-	309	-		2016	-
Colorado	(t)	224	-	224	46	39	263	46	309	-		2014	-
Colorado	(t)	276	-	276	-	0	276	-	276	-		2014	-

Farmland Partners Inc.
Schedule III – Real Estate and Accumulated Depreciation
December 31, 2019
($ In Thousands)

Description	Encumbrances	Initial Cost to Company			Cost Capitalized Subsequent to Acquisition		Gross Amount at Which Carried at Close of Period			Accumulated Depreciation	Date of Construction	Date Acquired	Life on Which Depreciation in Latest Income Statements is Computed
		Land	Improvements	Total	Improvements	Land Improvements	Land	Improvements	Total				
Illinois	(f)	216	-	216	-	50	266	-	266	-		2016	-
Illinois	(f)	233	-	233	-	28	261	-	261	-		2016	-
Illinois	(h)	252	-	252	-	(0)	252	-	252	-		2012	-
Illinois	(f)	240	-	240	-	7	247	-	247	-		2016	-
Colorado	(i)	236	-	236	-	(0)	236	-	236	-		2015	-
Illinois	(o)	233	-	233	-	(0)	233	-	233	-	2018	2018	-
Illinois	(f)	157	-	157	-	75	232	-	232	-		2016	-
Illinois	(h)	203	44	247	(24)	-	203	20	223	1	2006	2006	50
Illinois	(f)	153	-	153	20	28	181	20	201	0		2016	-
Illinois	(h)	200	16	216	(16)	-	200	-	200	-		2011	-
Illinois	(f)	179	-	179	-	18	197	-	197	-		2016	-
Illinois	(o)	196	-	196	-	(0)	196	-	196	-	2018	2018	-
Georgia		142	39	180	3	-	142	41	183	3	2017	2017	30
Colorado		-	-	-	69	-	-	69	69	4	2017	2017	40
Illinois		34	86	120	(86)	(0)	34	-	34	(3)	2017	2016	7
Colorado		-	-	-	-	-	-	-	-	-		2017	-
Adjustments							-	896	896	3,425			
Other	(u)	45,187	1,726	46,913	1,049	1,076	46,264	2,775	49,039	254			
Farm Credit Bond	$ 4,890												
Farmer Mac Bond #6	$ 13,827												
Farmer Mac Bond #7	$ 11,160												
Farmer Mac Bond #8A	$ 41,700												
Farmer Mac Bond #9	$ 6,600												
Met Life Bond #1	$ 87,942												
Met Life Bond #2	$ 16,000												
Met Life Bond #3	$ 21,000												
Met Life Bond #4	$ 15,685												
Met Life Bond #5	$ 8,379												
Met Life Bond #6	$ 27,158												
Met Life Bond #7	$ 17,153												
Met Life Bond #8	$ 44,000												
Met Life Bond #9	$ 21,000												
Prudential Bond	$ -												
Rutledge Credit Facility #1	$ 17,000												
Rutledge Credit Facility #2	$ 25,000												
Rutledge Credit Facility #3	$ 25,000												
Rutledge Credit Facility #4	$ 15,000												
Rutledge Credit Facility #5	$ 30,000												
Rabo Agrifinance Note	$ 64,359												
Totals	$ 512,853	$ 933,131	$ 112,184	$ 1,045,315	$ 36,944	$ 4,682	$ 937,812	$ 150,024	$ 1,087,836	$ 25,276			

(a) is part of a collateral pool for the $4.9 million First Farm Credit of Central Florida Bond
(b) is part of a collateral pool for the $13.8. million Farmer Mac Bond #6
(c) is part of a collateral pool for the $11.2 million Farmer Mac Bond #7
(d) is part of a collateral pool for the $41.7 milllion Farmer Mac Bond #8A
(e) is part of a collateral pool for the $6.6 million Farmer Mac Bond #9
(f) is part of a collateral pool for the $87.9 million Met Life Bond #1
(g) is part of a collateral pool for the $16.0 million Met Life Bond #2
(h) is part of a collateral pool for the $21.0 million Met Life Bond #3
(i) is part of a collateral pool for the $15.7 million Met Life Bond #4
(j) is part of a collateral pool for the $8.4 million Met Life Bond #5
(k) is part of a collateral pool for the $27.2 million Met Life Bond #6
(l) is part of a collateral pool for the $17.2 million Met Life Bond #7

Farmland Partners Inc.
Schedule III – Real Estate and Accumulated Depreciation
December 31, 2019
($ In Thousands)

(m) is part of a collateral pool for the $44.0 million Met Life Bond #8
(n) is part of a collateral pool for the $0.0 million Prudential Loan
(o) is part of a collateral pool for the $17.0 million Rutledge Credit Facility 1
(p) is part of a collateral pool for the $25.0 million Rutledge Credit Facility 2
(q) is part of a collateral pool for the $25.0 million Rutledge Credit Facility 3
(r) is part of a collateral pool for the $15.0 million Rutledge Credit Facility 4
(s) is part of a collateral pool for the $30.0 million Rutledge Credit Facility 5
(t) is part of a collateral pool for the $66.4 million Agrifinance Note
(u) Other category is comprised of 100 farms in 7 states that on an individual basis make up less than 5% of gross total land plus improvements as of December 31, 2019. Approximately $1,606 is part of a collateral pool for the $13,827 Farmer Mac Bond #6, $510 is part of a collateral pool for the $11,160 Farmer Mac Bond #7, $19,689 is part of a collateral pool for the $87,942 Met Life Bond #1, $6,399 is part of a collateral pool for the $21,000 Met Life Bond #3, $4,988 is part of a collateral pool for the $15,685 Met Life Bond #4, $1,588 is part of a collateral pool for the $8,379 Met Life Bond #5, $1,182 is part of a collateral pool for the $17,153 Met Life Bond #7, $4,142 is part of a collateral pool for the $25,000 Rutledge Credit Facility 1, $5,546 is part of a collateral pool for the $66,400 Rabo Agrifinance Note, and $1,999 is part of a collateral pool for the $21,000 Met Life Bond #9
(v) is part of a collateral pool for the $21.0 million Met Life Bond #9
(w) all of the above properties listed in Schedule III are farms.

Farmland Partners Inc.
Schedule III – Real Estate and Accumulated Depreciation
Reconciliation of "Real Estate and Accumulated Depreciation"
(In Thousands)

	Years ended December 31,		
	2019	**2018**	**2017**
Real Estate:			
Balance at beginning of year	$ 1,108,016	$ 1,094,155	$ 595,598
Additions during period			
Additions through construction of improvements	5,326	9,874	15,549
Disposition of property and improvements	(62,468)	(29,573)	(671)
Non cash acquisitions			-
Acquisitions through business combinations and/or asset acquisitions	36,893	33,560	483,679
Balance at end of year	$ 1,087,767	$ 1,108,016	$ 1,094,155
Accumulated Depreciation:			
Balance at beginning of year	$ 18,148	$ 10,261	$ 3,215
Disposition of improvements	(947)	(190)	(80)
Additions charged to costs and expenses	8,022	8,077	7,126
Balance at end of year	$ 25,223	$ 18,148	$ 10,261
Real Estate balance per schedule	$ 1,087,767	$ 1,108,016	$ 1,094,155
Construction in progress	11,911	10,262	8,137
Other non-real estate	71	71	71
Balance per consolidated balance sheet	$ 1,099,749	$ 1,118,349	$ 1,102,363
Accumulated depreciation per schedule	$ 25,223	$ 18,148	$ 10,261
Other non-real estate	54	54	24
Balance per consolidated balance sheet	$ 25,277	$ 18,202	$ 10,285

Exhibit 4.3

DESCRIPTION OF SECURITIES
OF FARMLAND PARTNERS INC.

General

As of December 31, 2019, Farmland Partners Inc. ("we," "our," "us" or the "Company") had two classes of securities outstanding , our common stock, $0.01 par value per share ("common stock"), and our 6.00% Series B Participating Preferred Stock, $0.01 par value per share ("Series B Preferred Stock"), registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We are authorized to issue 600,000,000 shares of stock, consisting of 500,000,000 shares of our common stock and 100,000,000 shares of preferred stock, $0.01 par value per share ("preferred stock"). Our charter authorizes our board of directors, with the approval of a majority of the entire board of directors and without any action on the part of our stockholders, to amend our charter to increase or decrease the aggregate number of authorized shares of stock or the number of authorized shares of stock of any class or series without stockholder approval.

The following is a description of the rights and privileges of our common stock and of our Series B Preferred Stock and related provisions of our Articles of Amendment and Restatement, including any articles supplementary (our "charter"), our Amended and Restated Bylaws, as amended (our "bylaws"), and applicable provisions of Maryland law. This description is qualified in its entirety by, and should be read in conjunction with, our charter and bylaws and the applicable provisions of Maryland law.

Power to Reclassify and Issue Stock

Our board of directors may classify any unissued shares of preferred stock, and reclassify any unissued shares of common stock or any previously classified but unissued shares of preferred stock into other classes or series of stock, including one or more classes or series of stock that have priority over our common stock with respect to voting rights or distributions or upon liquidation, and authorize us to issue the newly classified shares. Prior to the issuance of shares of each class or series, our board of directors is required by the Maryland General Corporation Law (the "MGCL") and our charter to set, subject to the provisions of our charter regarding the restrictions on ownership and transfer of our stock, the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption for each such class or series. These actions can be taken without stockholder approval, unless stockholder approval is required by applicable law, the terms of any other class or series of our stock or the rules of any stock exchange or automated quotation system on which our stock may be then listed or quoted.

Power to Increase or Decrease Authorized Stock and Issue Additional Shares of Our Common Stock and Preferred Stock

Our charter authorizes our board of directors, with the approval of a majority of the entire board of directors, to amend our charter to increase or decrease the aggregate number of authorized shares of stock or the number of authorized shares of stock of any class or series without stockholder approval. We believe that the power of our board of directors to increase or decrease the number of authorized shares of stock and to classify or reclassify unissued shares of our common stock or preferred stock and thereafter to cause us to issue such shares of stock provides us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs which might arise. The additional classes or series, as well as the additional shares of stock, will be available for future issuance without further action by our stockholders, unless such action is required by applicable law, the terms of any other class or series of stock or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. Our board of directors could authorize us to issue a class or series that could, depending upon the terms of the particular class or series, delay, defer or prevent a transaction or a change in control of our company that might involve a premium price for our stockholders or otherwise be in their best interests.

Restrictions on Ownership and Transfer

In order to qualify as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Code"), our shares of stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months (other than the first year for which an election to be a REIT has been made) or during a proportionate part of a shorter taxable year. Also, not more than 50% of the value of our outstanding shares of capital stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year (other than the first year for which an election to be a REIT has been made).

Because our board of directors believes it is at present essential for us to qualify as a REIT, among other purposes, our charter, subject to certain exceptions, contains restrictions on the number of our shares of stock that a person may own. Our charter provides that, among other things and subject to certain exceptions, no person may beneficially or constructively own more than 9.8% in value or in number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our capital stock, or the ownership limit. Our board of directors, in its sole and absolute discretion, may exempt a person, prospectively or retroactively, from this ownership limit if certain conditions are satisfied.

DESCRIPTION OF COMMON STOCK

General

As of December 31, 2019, we had 29,952,608 outstanding shares of common stock. Under Maryland law, stockholders generally are not liable for a corporation's debts or obligations.

Dividends, Liquidation and Other Rights

Subject to the preferential rights of holders of any other class or series of stock, including the rights of holders of our Series B Preferred Stock, and to the provisions of our charter regarding restrictions on ownership and transfer of our stock, holders of our common stock:

- have the right to receive ratably any distributions from funds legally available therefor, when, as and if authorized by our board of directors and declared by us; and

- are entitled to share ratably in the assets of our company legally available for distribution to the holders of our common stock in the event of our liquidation, dissolution or winding up of our affairs.

There are generally no redemption, sinking fund, conversion, preemptive or appraisal rights with respect to our common stock.

Voting Rights of Common Stock

Subject to the provisions of our charter regarding restrictions on ownership and transfer of our stock and except as may otherwise be specified in the terms of any class or series of stock, each outstanding share of our common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors and, except as may be provided with respect to any other class or series of stock, including, under certain circumstances, our Series B Preferred Stock, the holders of such shares will possess the exclusive voting power. There is no cumulative voting in the election of our directors, and directors will be elected by a plurality of the votes cast in the election of directors. Consequently, at each annual meeting of stockholders, the holders of a majority of the outstanding shares of our common stock can elect all of the directors then standing for election, and the holders of the remaining shares will not be able to elect any directors.

Listing

Our common stock is listed on the New York Stock Exchange (the “NYSE”) under the symbol “FPI.”

Transfer Agent and Registrar

The transfer agent and registrar for our shares of common stock is American Stock Transfer & Trust Company, LLC.

Certain Provisions of Maryland Law and Our Charter and Bylaws

See “Certain Provisions of Maryland Law and Our Charter and Bylaws.”

DESCRIPTION OF SERIES B PARTICIPATING PREFERRED STOCK

General

Under our charter, we currently are authorized to issue up to 100,000,000 shares of Series B Preferred Stock. As of December 31, 2019, we had 6,037,500 shares of preferred stock classified as Series B Preferred Stock, with a liquidation preference of $25.00 per share, of which 5,972,059 shares of our Series B Preferred Stock were issued and outstanding. As of December 31, 2019, our board of directors had not established any class or series of our preferred stock other than our Series B Preferred Stock. There are no preemptive rights with respect to our Series B Preferred Stock.

Maturity

The Series B Preferred Stock has no stated maturity and will not be subject to any sinking fund or mandatory redemption (except as described below under "—Redemption—Redemption upon an Absence of Suitable Indices Event" and "—Conversion Rights—Conversion upon an Absence of Suitable Indices Event"), and will remain outstanding indefinitely unless (i) we redeem such shares of Series B Preferred Stock into shares of our common stock at our option as described below in "—Redemption—Redemption at Our Option," (ii) we convert such shares of Series B Preferred Stock at our option as described below in "—Conversion Rights—Conversion at Our Option" or (iii) subject to our special right of redemption in the event of a Change of Control (as defined below), they are converted into shares of our common stock by the holder of such shares of Series B Preferred Stock in the event of a Change of Control as described below in "—Conversion Rights—Conversion upon a Change of Control."

Reopening

The Articles Supplementary establishing our Series B Preferred Stock permit us to "reopen" this series, without the consent of the holders of our Series B Preferred Stock, in order to issue additional shares of Series B Preferred Stock from time to time. We may in the future issue additional shares of Series B Preferred Stock without the consent of holders of Series B Preferred Stock. Any additional shares of Series B Preferred Stock will have the same terms as the shares of Series B Preferred Stock that are currently outstanding. These additional shares of Series B Preferred Stock will, together with the existing shares of Series B Preferred Stock, constitute a single series of securities.

Ranking

The Series B Preferred Stock ranks, with respect to dividend rights and rights upon our liquidation, dissolution or winding up:

(1) senior to our common stock and to any other class or series of our equity securities expressly designated as ranking junior to the Series B Preferred Stock;

(2) on parity with any future class or series of our equity securities expressly designated as ranking on parity with the Series B Preferred Stock; and

(3) junior to our existing and future indebtedness and all equity securities issued by us with terms specifically providing that those equity securities rank senior to the Series B Preferred Stock with respect to rights of dividend payments and the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of our company ("Liquidation Event'), which issuance is subject to the approval of the holders of two-thirds of the then-outstanding shares of Series B Preferred Stock and any parity preference shares.

The term "equity securities" does not include convertible debt securities, which debt securities would rank senior to the Series B Preferred Stock.

In accordance with the terms of the partnership agreement of our operating partnership, Farmland Partners Operating Partnership, LP, a Delaware limited partnership (the "Operating Partnership"), we contributed the net proceeds from the sale of the Series B Preferred Stock to our Operating Partnership, and our Operating Partnership issued to us a number of Series B preferred units of limited partnership interest in our Operating Partnership, ("Series B preferred units"), equal to the number of shares of Series B Preferred Stock. The Series B preferred units rank, with respect to distribution rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the Operating Partnership, senior to Class A common units of limited partnership interest in our Operating Partnership ("OP Units"), and long term incentive units of partnership interest in our Operating Partnership and on parity with the existing Series A Preferred Units of limited partnership interest in our Operating Partnership ("Series A Preferred Units").

As of December 31, 2019, there were 117,000 Series A Preferred Units outstanding, each of which has a liquidation preference of $1,000 per unit. Series A Preferred Units are entitled to cash distributions at a rate of 3.00% per annum of the $1,000 liquidation preference per Series A Preferred Unit (equivalent to a fixed annual amount of $30.00 per Series A Preferred Unit) payable annually in arrears on January 15 of each year or the next succeeding business day. On or after March 2, 2026, each holder of Series A Preferred Units has the right to convert each Series A Preferred Unit into a number of OP Units equal to (i) the $1,000 liquidation preference plus all accumulated and unpaid distributions, divided by (ii) the volume-weighted average price per share of our common stock for the 20 trading days immediately preceding the applicable conversion date. All OP Units received upon conversion may be immediately tendered for redemption for cash or, at the Company's option, for shares of common stock on a one-for-one basis, subject to the terms and conditions set forth in the partnership agreement for our Operating Partnership. Prior to date on which the Series A Preferred Units are converted into OP Units, the Series A Preferred Units may not be tendered for redemption by the holders. On or after March 2, 2021, our Operating Partnership has the right to redeem some or all of the Series A Preferred Units for cash in an amount equal to the $1,000 liquidation preference plus accrued and unpaid dividends.

In the future, our Operating Partnership may create additional classes or series of common or preferred units, including preferred units that are senior to the Series B preferred units (subject to the rights of any holders of preferred units), or issue additional common or preferred units of any class or series (including long term incentive units) without the consent of any holder of the Series B Preferred Stock.

Dividends

When, as and if authorized by our board of directors, holders of shares of the Series B Preferred Stock are entitled to receive cumulative cash dividends from and including the issue date, payable quarterly in arrears on the last day of March, June, September and December of each year, beginning on September 30, 2017, at the rate of 6.00% per annum on the initial liquidation preference per share (equivalent to the fixed annual rate of $1.50 per share). If any dividend payment date falls on any day other than a "business day" as defined in the Articles

Supplementary for our Series B Preferred Stock, the dividend due on such dividend payment date shall be paid on the first business day immediately following such dividend payment date, and no dividends will accrue as a result of such delay. Dividends will accrue and be cumulative from, and including, the prior dividend payment date to, but excluding, the next dividend payment date, to holders of record as of 5:00 p.m., New York time, on the related record date. The record dates for the Series B Preferred Stock are the March 15, June 15, September 15 or December 15 immediately preceding the relevant dividend payment date. If any record date falls on any day other than a "business day" as defined in the Articles Supplementary for our Series B Preferred Stock, the record date shall be the immediately preceding business day. Prior to September 30, 2024, no dividends will accrue or be paid on any FVA Amount (as defined below).

On and after September 30, 2024, in lieu of the dividend rate detailed in the preceding paragraph, a dividend rate of 10.00% per annum will accrue and be paid on the initial liquidation preference per share of Series B Preferred Stock plus the FVA Amount, if any.

Our board of directors will not authorize and we will not pay or set apart for payment dividends on our Series B Preferred Stock at any time when the terms and provisions of any agreement of ours, including any agreement relating to our indebtedness, prohibits the authorization, payment or setting apart for payment or provides that the authorization, payment or setting apart for payment would constitute a breach of the agreement or a default under the agreement, or if the authorization, payment or setting apart for payment shall be restricted or prohibited by law. We also have the right to withhold, from any amounts otherwise payable to you, with respect to all distributions (deemed or actual) to the extent that withholding is or was required for such distributions under applicable tax withholding rules. You should review the information appearing in the last paragraph under this caption "—Dividends" for information regarding the circumstances under which the terms of our credit facilities, term loans and other debt may limit or prohibit the payment of dividends on the Series B Preferred Stock.

Notwithstanding the foregoing, dividends on the Series B Preferred Stock accrue whether or not there are funds legally available for the payment of those dividends, whether or not we have earnings and whether or not those dividends are authorized. No interest, or sum in lieu of interest, is payable in respect of any dividend payment or payments on the Series B Preferred Stock that may be in arrears, and holders of the Series B Preferred Stock are not entitled to any dividends in excess of full cumulative dividends described above. Any dividend payment made on the Series B Preferred Stock, including any "Capital Gains Amounts", as described in the paragraph below, shall first be credited against the earliest accrued but unpaid dividend due with respect to those shares.

If, for any taxable year, we designate as a "capital gain dividend," as defined in Section 857 of the Code, any portion of the dividends, or the Capital Gains Amount, as determined for federal income tax purposes, paid or made available for that year to holders of all classes of our capital stock then, except as otherwise required by applicable law, the portion of the Capital Gains Amount that shall be allocable to the holders of shares of Series B Preferred Stock will be in proportion to the amount that the total dividends, as determined for federal income tax purposes, paid or made available to holders of Series B Preferred Stock for the year bears to the total dividends paid or made available for that year to holders of all classes of our capital stock. In addition, except as otherwise required by applicable law, we will make a similar allocation with respect to any undistributed long-term capital gains that are to be included in our stockholders' long-term capital gains, based on the allocation of the Capital Gains Amount that would have resulted if those undistributed long-term capital gains had been distributed as "capital gain dividends" by us to our stockholders.

Future distributions on shares of our common stock and shares of our preferred stock, including the Series B Preferred Stock, will be at the discretion of our board of directors and will depend on, among other things, our results of operations, funds from operations, adjusted funds from operations, cash flow from operations, financial condition and capital requirements, the annual distribution requirements under the REIT provisions of the Code, our debt service requirements and any other factors our board of directors deems relevant. In addition, our credit facilities, term loans and other debt contain provisions that could limit or, in certain cases, prohibit the payment of distributions on shares of our common stock and preferred stock, including the Series B Preferred Stock. Accordingly, although we expect to pay quarterly cash distributions on our common stock and scheduled cash dividends on our Series B Preferred Stock, we cannot guarantee that we will maintain these distributions at current levels or what the actual distributions will be for any future period.

Voting Rights

Holders of Series B Preferred Stock generally have no voting rights. However, if we are in arrears on dividends, whether or not authorized or declared, on the Series B Preferred Stock for six or more quarterly periods, whether or not consecutive, holders of Series B Preferred Stock (voting separately as a class together with the holders of all other classes or series of parity preferred stock and upon which like voting rights have been conferred and are exercisable) will be entitled to elect two additional directors at a special meeting of stockholders called upon the request of the holders of at least 10% of the then-outstanding shares of Series B Preferred Stock or at our next annual meeting of stockholders and each subsequent annual meeting of stockholders thereafter, each additional director being referred herein to as a Preferred Stock Director, until all unpaid dividends with respect to the Series B Preferred Stock and such other classes or series of preferred stock with like voting rights have been paid. Any Preferred Stock Directors will be elected by a vote of holders of record of a majority of the outstanding shares of Series B Preferred Stock and any other class or series of parity preferred stock with like voting rights, voting together as a single class. Special meetings of stockholders called in accordance with the provisions described in this paragraph shall be subject to the procedures in our bylaws, except that we, rather than the holders of Series B Preferred Stock or any other class or series of parity preferred stock entitled to vote thereon when they have the voting rights described above (voting together as a single class), will pay all costs and expenses of calling and holding such special meeting of stockholders.

Any Preferred Stock Director may be removed at any time with or without cause by the vote of, and may not be removed otherwise than by the vote of, the holders of record of a majority of the then-outstanding shares of Series B Preferred Stock and all other classes or series of parity preferred stock entitled to vote thereon when they have the voting rights described above (voting together as a single class). So long as a dividend arrearage continues, any vacancy in the office of a Preferred Stock Director may be filled by written consent of the Preferred Stock Director remaining in office or, if none remains in office, by a vote of the holders of record of a majority of the then-outstanding shares of Series B Preferred Stock when they have the voting rights described above (voting as a single class with all other classes or series of parity preferred stock upon which like voting rights have been conferred and are exercisable).

So long as any shares of Series B Preferred Stock remain outstanding, we will not, without the affirmative vote or written consent of the holders of at least two-thirds of the then-outstanding shares of Series B Preferred Stock and each other class or series of parity preferred stock with like voting rights (voting together as a single class), authorize, create, or increase the number of authorized or issued shares of, any class or series of equity securities ranking senior to the Series B Preferred Stock with respect to rights of dividend payments and the distribution of assets upon a Liquidation Event, or reclassify any of our authorized equity securities into such equity securities, or create, authorize or issue any obligation or security convertible into or evidencing the right to purchase such equity securities. However, we may, without the consent of any holder of Series B Preferred Stock, create and issue additional classes or series of parity equity securities and junior equity securities, and/or amend the Articles Supplementary for the Series B Preferred Stock to increase the authorized number of shares of parity equity securities (including the Series B Preferred Stock) and junior equity securities.

In addition, the affirmative vote or written consent of the holders of at least two-thirds of the then-outstanding shares of Series B Preferred Stock and each other class or series of parity preferred stock with like voting rights (voting together as a single class) is required for us to amend, alter or repeal any provision of our charter so as to materially and adversely affect the terms of the Series B Preferred Stock. If such amendment to our charter does not equally affect the terms of the Series B Preferred Stock and the terms of one or more other classes or series of parity preferred stock, the affirmative vote or written consent of the holders of at least two-thirds of the then-outstanding shares of Series B Preferred Stock, voting separately as a class, is required. Holders of the Series B Preferred Stock also will have the exclusive right to vote on any amendment to our charter on which holders of the Series B Preferred Stock are otherwise entitled to vote and that would alter only the rights, as expressly set forth in our charter, of the Series B Preferred Stock.

In any matter in which holders of Series B Preferred Stock may vote (as expressly provided in the Articles Supplementary setting forth the terms of the Series B Preferred Stock), each share of Series B Preferred Stock is entitled to one vote.

Liquidation Preference

If we experience a Liquidation Event, holders of our Series B Preferred Stock will have the right to receive the sum of (i) the initial liquidation preference, (ii) the FVA Amount (if the FVA Amount for the relevant period is a positive number) and (iii) an amount per share of Series B Preferred Stock equal to all dividends (whether or not authorized or declared) accrued and unpaid thereon to, but excluding, the date of final distribution to such holders (the “Final Liquidation Preference”), before any distribution or payment is made to holders of our common stock and any other class or series of our equity securities ranking junior to the Series B Preferred Stock as to liquidation, dissolution or winding up. The rights of holders of Series B Preferred Stock to receive this amount will be subject to the proportionate rights of any other class or series of our equity securities ranking on parity with the Series B Preferred Stock as to rights upon liquidation, dissolution or winding up, and junior to the rights of any class or series of our equity securities expressly designated as ranking senior to the Series B Preferred Stock. In addition, our obligation to pay the Final Liquidation Preference will be subject to the proportionate rights of holders of Series A Preferred Units and any other class or series of units of limited partnership interest in our Operating Partnership that rank senior to, or on parity with, the Series A Preferred Units and the Series B preferred units .

Holders of Series B Preferred Stock are entitled to written notice of any distribution in connection with any Liquidation Event not less than 30 days and not more than 60 days prior to the distribution payment date. After payment of the full amount of the liquidating distributions to which they are entitled, holders of Series B Preferred Stock will have no right or claim to any of our remaining assets. Our consolidation or merger with or into any other corporation, trust or other entity, or the voluntary sale, transfer or conveyance of all or substantially all of our property or business, will not be deemed to constitute a Liquidation Event.

In determining whether a distribution (other than upon voluntary or involuntary liquidation), by dividend, redemption or other acquisition of any of our shares of capital stock or otherwise, is permitted under Maryland law, amounts that would be needed, if we were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of holders of Series B Preferred Stock will not be added to our total liabilities.

Farmland Value Appreciation Amount

The initial liquidation preference for the Series B Preferred Stock may be increased by the FVA Amount. The FVA Amount for any year will equal the product of the initial liquidation preference and the FVA Factor (as defined below) for such period. However, the FVA Amount for all periods after September 30, 2024 will be equal to the FVA Amount calculated based on the Land Value Report issued in 2024 (the “2024 Land Value Report”) and the FVA Amount will be subject to a cap as described below under the caption "—Cap on Total Return."

The FVA Amount for the Series B Preferred Stock may be realized upon (i) exercise by us of our optional redemption right or conversion right after September 30, 2021, (ii) any conversion or redemption in connection with a Change of Control (as defined below) or (iii) liquidation, dissolution or winding up of the Company. In addition, on and after September 30, 2024, dividends will accrue on the FVA Amount, if any, added to the initial liquidation preference per share of Series B Preferred Stock.

The FVA Amount is calculated only once per year, promptly after the release of the annual agricultural Land Values summary (the “Land Value Report”). Accordingly, the FVA Amount will always be calculated using data from the initial publication of each Land Value Report, notwithstanding the fact that the NASS, ASB and/or USDA may update Land Values for any particular year in subsequent Land Value Reports. As a result, holders of Series B Preferred Stock will not realize the benefit of any increases in Land Values, or the detriment of any decreases in Land Values, that occur after a Report Release Date (as defined below) for any given year but prior to the Report Release Date for the subsequent year, except to the extent of any Premium Amount (as defined below).

Farmland Value Appreciation Factor

FVA for the Series B Preferred Stock represents the cumulative change, from the 2017 estimated average value per acre of farmland in the 17 states in which we own farmland, weighted by the percentage of the total unaudited

book value of our properties held in each Portfolio State as of June 30, 2017, or the Weighting Factor. We refer to these 17 states as Portfolio States. FVA is determined using "Farm Real Estate, Average Value per Acre," or Land Value, contained in the annual agricultural Land Values summary, or Land Value Report, released by the National Agricultural Statistics Service, or NASS, the Agricultural Statistics Board, or ASB, and the United States Department of Agriculture, or USDA, and is currently disclosed at the following URL: http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1446. The farm real estate values reported in the Land Value Report are a measure of the values of all land and buildings on farms in the United States.

As described in the Land Value Report, the estimates of farmland values in the report are based primarily on the June Area Survey, conducted each year during the first two weeks of June. The survey uses a complete, probability-based land-area sampling frame. A sample of approximately 11,000 segments of land is selected, each approximately one square mile in size. Enumerators collecting data for the June Area Survey contact all agricultural producers operating land within the boundaries of the sampled land segments and record land value information for cropland and pasture within these segments. They also collect an estimated value of all land and buildings for the operator's entire farming operation and the estimated percent change from the previous year.

Once data are summarized, each regional field office conducts an analysis of the summarized indications and any other available information for the states covered by the Land Value Report. Those offices then set estimates for land values and submit these recommendations to the ASB, which prepares and disseminates hundreds of reports every year providing the official USDA estimates on crops, livestock and economic indicators in the agricultural industry.

Subject to the calculation of the FVA as described below, the value set forth in the Land Value Report, or the Land Value, with respect to each of the 17 Portfolio States listed below, will be used for the purpose of calculating FVA.

FVA for the Series B Preferred Stock is calculated as follows:

(i) The change in FVA for each Portfolio State since the 2017 Land Value Report (as defined below) will be calculated promptly following each date of the release of the Land Value Report for each year, or Report Release Date, in accordance with the following equation, where "PS_x" represents any given Portfolio State and "FVA_x" represents the change in FVA for such Portfolio State:

$$FVA_x = ((\text{Land Value for } PS_x \text{ as of the most recent Report Release Date} \div \text{Land Value for } PS_x \text{ for 2017}) \times 100) - 100$$

For the avoidance of doubt, for the purposes of calculating FVA_x, (i) the Land Value for PS_x for 2017 shall be as reported in the Land Value Report that was published on August 3, 2017, or the 2017 Land Value Report, and (ii) the Land Value for PS_x for 2024 shall be as reported in the 2024 Land Value Report, in each case, notwithstanding any future revisions to such value that may be included in the Land Value Report on subsequent Report Release Dates.

(ii) The "Cumulative FVA" is the sum of the seventeen (17) products of (A) the change in FVA for a given Portfolio State since the 2017 Land Value Report (expressed below as "FVA_x" and, for any given Portfolio State, as calculated as described in paragraph (i) above) and (B) the relative weighting for a given Portfolio State (expressed below as "W_x") and, for any given Portfolio State, as set forth in the table in paragraph (iii) below), divided by 100 in order to be expressed as a percentage, which will be calculated promptly following each Report Release Date in accordance with the following equation:

$$\text{Cumulative FVA} = ((FVA_1 \times W_1) + (FVA_2 \times W_2) + (FVA_3 \times W_3) + \ldots (FVA_{17} \times W_{17})) \div 100$$

(iii) The following relative weightings for each Portfolio State will be used in determining Cumulative FVA in accordance with paragraph (ii) above, as well as any Premium Amount:

Portfolio State	Weighting Factor
Illinois	34.344%
California	19.265%
South Carolina	6.892%
North Carolina	6.695%
Colorado	6.318%
Arkansas	5.776%
Nebraska	4.292%
Louisiana	4.275%
Florida	3.580%
Mississippi	2.037%
Georgia	1.923%
Michigan	1.451%
Texas	0.855%
Virginia	0.752%
South Dakota	0.696%
Kansas	0.484%
Alabama	0.365%
Total (17 Portfolio States)	**100.0%**

The change in FVA for each Portfolio State since the 2017 Land Value Report will be included in the calculation of "Cumulative FVA" regardless of whether it is positive, negative or zero. The FVA Factor for any year will equal the product of Cumulative FVA (calculated as described above) for such year (expressed as a percentage) multiplied by a constant investor participation percentage of 50%. The FVA Amount, at any time it is measured, cannot be negative, so the liquidation preference per share of Series B Preferred Stock will never be lower than $25.00.

The NASS, the ASB and the USDA have historically released the Land Value Report for a given year in early August. Each year during which shares of Series B Preferred Stock are outstanding, we will make available the annual measurement showing the aggregate FVA Amount per share of Series B Preferred Stock for the then-current year based on the most recent Land Value Report. We will also provide updates and maintain such information on the "Investor Relations" page of our corporate website.

If at any time prior to September 30, 2024, the NASS, the ASB and/or the USDA no longer publish the Land Value Report, or if the Land Value Report no longer covers one or more of the Portfolio States, we will promptly make a good faith selection of a publicly available alternative report, index or indices after examining publicly available reports and indices that are reasonably comparable to the Land Value Report to cover the Portfolio State or Portfolio States no longer covered by the Land Value Report. If we select an alternative source or sources, we will disclose the new source for calculating the FVA Amount and the Premium Amount on the "Investor Relations" page of our corporate website and in a Current Report on Form 8-K filed or furnished with the SEC. If a suitable public alternative source or sources is not available, we will, at our option, either redeem or convert the shares of Series B Preferred Stock within 410 days after the date that the Land Value Report was last published, as described in "—Redemption—Redemption upon Absence of Suitable Indices Event" (in the case of a redemption) or as described in "—Conversion Rights—Conversion upon an Absence of Suitable Indices Event" (in the case of a conversion). We refer to the absence of a suitable alternative source or sources herein as an Absence of Suitable Indices Event.

Premium Amount

If we exercise our option to redeem or convert the Series B Preferred Stock after September 30, 2021 and before September 30, 2024 as described below in "—Redemption—Redemption at Our Option" and "—Conversion

Rights—Conversion at Our Option," we will pay a premium (the "Premium Amount"), in addition to the initial liquidation preference, the FVA Amount (if positive) and all accrued and unpaid dividends. The Premium Amount will equal the product of (i) the $25.00 initial liquidation preference and (ii) the average change in Land Values in the Portfolio States over the immediately preceding four years for which a Land Value Report has been issued (based on the initial Land Values for such years included in such Land Value Reports), weighted by the Weighting Factor, multiplied by a constant investor participation percentage of 50% and prorated for the number of days between the most recent Report Release Date and the date immediately preceding the date of redemption or conversion. The Premium Amount, at any time it is measured, cannot be negative.

Cap on Total Return

Until September 30, 2024, the amount payable upon any conversion, redemption or liquidation event will be subject to a cap, such that the total internal rate of return, when considering the initial liquidation preference, plus the FVA Amount (if positive), plus the Premium Amount (if applicable and if positive), plus all dividends (whether paid or accrued) to, but excluding, the date of such redemption, conversion or final distribution to holders in respect of a Liquidation Event, shall not exceed 9.0%. On September 30, 2024, the FVA Amount will become fixed (based on the FVA Amount calculated with respect to the year 2024) and cease to accrue, the Premium Amount will no longer be payable upon an optional redemption or conversion and the dividend yield will increase to 10.000% per annum on the initial liquidation preference plus the FVA Amount (if positive).

Redemption

Redemption at Our Option

We may not redeem the Series B Preferred Stock until after September 30, 2021, except in limited circumstances relating to maintaining our qualification as a REIT, as described in "Restrictions on Ownership and Transfer" above and pursuant to the special optional redemption provisions upon a change in control that are specified below.

After September 30, 2021 but before September 30, 2024, we may redeem for cash all, but not less than all, of the then-outstanding shares of Series B Preferred Stock at a redemption price per share of Series B Preferred Stock equal to the Final Liquidation Preference plus the Premium Amount (if applicable and if positive).

At any time on or after September 30, 2024, we may redeem for cash all, but not less than all, of the then-outstanding shares of Series B Preferred Stock at a redemption price per share equal to the initial liquidation preference plus the FVA Amount (if positive) calculated based on the 2024 Land Value Report, plus any accrued but unpaid dividends. The initial liquidation preference of $25.00 plus the FVA Amount (if positive) calculated based on the 2024 Land Value Report is referred to as the Adjusted Value.

There is no restriction on our ability to redeem shares of Series B Preferred Stock while dividends are in arrearage.

Special Redemption Option upon a Change of Control

Upon the occurrence of a Change of Control (as defined below), we may redeem for cash all, but not less than all, of the shares of Series B Preferred Stock within 120 days after the date on which such Change of Control occurred, by paying the special redemption price, which will equal the Final Liquidation Preference. If, prior to the Change of Control Conversion Date (as defined below under the caption "—Conversion Rights—Conversion upon a Change in Control"), we have provided or provide notice of redemption with respect to the Series B Preferred Stock (whether pursuant to our optional redemption right, our special redemption option or pursuant to the right described under "—Redemption upon an Absence of Suitable Indices Event"), the holders of Series B Preferred Stock will not be permitted to exercise the conversion right described below under "—Conversion Rights—Conversion upon a Change of Control."

We will mail to record holders of the Series B Preferred Stock, a notice of redemption no fewer than 30 days nor more than 60 days before the redemption date. We will send the notice to the holder's address shown on our transfer books. A failure to give notice of redemption or any defect in the notice or in its mailing will not affect the validity of the redemption of any shares of Series B Preferred Stock except as to the holder to whom notice was defective. Each notice will state the following:

- the redemption date;
- the special redemption price;
- a statement setting forth the calculation of such special redemption price;
- the number of shares of Series B Preferred Stock to be redeemed;
- the place or places where the certificates, if any, representing shares of Series B Preferred Stock are to be surrendered for payment of the special redemption price;
- procedures for surrendering noncertificated shares of Series B Preferred Stock for payment of the special redemption price;
- that dividends on the shares of Series B Preferred Stock to be redeemed will cease to accrue on such redemption date unless we fail to pay the special redemption price on such date;
- that payment of the special redemption price will be made upon presentation and surrender of such shares of Series B Preferred Stock;
- that the shares of Series B Preferred Stock are being redeemed pursuant to our special redemption option in connection with the occurrence of a Change of Control and a brief description of the transaction or transactions constituting such Change of Control; and
- that the holders of the shares of the Series B Preferred Stock to which the notice relates will not be able to tender such shares of Series B Preferred Stock for conversion in connection with the Change of Control and each share of Series B Preferred Stock tendered for conversion that is selected, prior to the Change of Control Conversion Date, for redemption will be redeemed on the related date of redemption instead of converted on the Change of Control Conversion Date.

A "Change of Control" means, after the initial issuance of the Series B Preferred Stock, the following have occurred and are continuing:

- the acquisition by any person, including any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of securities of the Company entitling that person to exercise more than 50% of the total voting power of all capital stock of the Company entitled to vote generally in the election of our directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and
- following the closing of any transaction referred to in the bullet point above, neither we nor the acquiring or surviving entity has a class of common stock (or American Depositary Receipts representing such securities) listed on the NYSE, the NYSE MKT or the NASDAQ Stock Market, or NASDAQ, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE MKT or NASDAQ.

Redemption upon an Absence of Suitable Indices Event

If, following an Absence of Suitable Indices Event, we do not convert all of the outstanding shares of Series B Preferred Stock in accordance with the provisions described under "—Conversion Rights—Conversion upon an Absence of Suitable Indices Event," then we will redeem all of the then-outstanding shares of Series B Preferred Stock for cash at a redemption price equal to the Final Liquidation Preference.

Conversion Rights

Conversion at Our Option

After September 30, 2021, we may convert all, but not less than all, of the then-outstanding shares of Series B Preferred Stock into shares of our common stock. The conversion ratio for such one-time conversion will be determined by a formula and cannot be determined until four business days after the notice of conversion is issued.

If such one-time conversion occurs after September 30, 2021 but before September 30, 2024, the formula for determining the conversion ratio per share of Series B Preferred Stock will be the sum of (i) the initial liquidation preference, (ii) the FVA Amount for the relevant period (if the FVA Amount for such period is a positive number), (iii) the Premium Amount (if applicable and if positive) and (iv) any accrued and unpaid dividends to, but excluding, the fourth business day following the notice of conversion, divided by the 10-day volume-weighted average price, or the VWAP, of our common stock on the NYSE, as reported by Bloomberg Business News, if available, on the date the notice of conversion is issued.

If such one-time conversion occurs on or after September 30, 2024, the formula for determining the conversion ratio will be (i) the Adjusted Value, plus any accrued and unpaid dividends to, but excluding, the conversion date, divided by (ii) the VWAP as reported by Bloomberg Business News, if available, on the date the notice of conversion is issued.

If a VWAP is not available on Bloomberg Business News or a similar publication, then the volume-weighted average of the high and low trading prices of our common stock on the NYSE (or, if not listed on the NYSE, such other domestic securities exchange as our common stock is then listed or traded) calculated using the high and low prices (volume-weighted) as reported on Bloomberg Business News or a similar publication on the date the notice of conversion is issued shall be used in place of the VWAP for all purposes hereunder.

Conversion upon a Change of Control

Upon the occurrence of a Change of Control, each holder of Series B Preferred Stock will have the right (unless, prior to the Change of Control Conversion Date (as defined below), we have provided or provide notice of our election to redeem the Series B Preferred Stock as described above under "—Redemption—Special Redemption Option upon a Change of Control") to convert some or all of the Series B Preferred Stock held by such holder, or the Change of Control Conversion Right, on the Change of Control Conversion Date into a number of shares of our common stock per share of Series B Preferred Stock to be converted equal to the lesser of:

- the quotient obtained by dividing (i) the sum of (x) the initial liquidation preference, plus (y) the FVA Amount for the relevant period (if the FVA Amount for such period is a positive number), plus (z) any accrued and unpaid dividends (whether or not declared) to, but excluding, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a record date for a Series B Preferred Stock dividend payment for which dividends have been declared and prior to the corresponding Series B Preferred Stock dividend payment date, in which case no additional amount for such accrued and unpaid dividend will be included in this sum) and such declared dividend will instead be paid, on such dividend payment date, to the holder of record of the Series B Preferred Stock to be converted as of 5:00 p.m. New York City time, on such record date) by (ii) the Common Stock Price (as defined below); and
- 5.72082 (i.e., the Share Cap), subject to certain adjustments;

subject, in each case, to provisions for the receipt of alternative consideration.

The Share Cap is subject to pro rata adjustments for any stock splits (including those effected pursuant to a distribution of shares of our common stock), subdivisions or combinations (in each case, a "Stock Split") with respect to our common stock as follows: the adjusted Share Cap as the result of a Stock Split will be the number of shares of our common stock that is equivalent to the product obtained by multiplying (i) the Share Cap in effect immediately prior to such Stock Split by (ii) a fraction, the numerator of which is the number of shares of our common stock outstanding after giving effect to such Stock Split and the denominator of which is the number of shares of our common stock outstanding immediately prior to such Stock Split.

In the case of a Change of Control pursuant to which our common stock will be converted into cash, securities or other property or assets (including any combination thereof) (the “Alternative Form Consideration”), a holder of Series B Preferred Stock will receive upon conversion of such Series B Preferred Stock the kind and amount of Alternative Form Consideration that such holder would have owned or to which that holder would have been entitled to receive upon the Change of Control had such holder held a number of shares of our common stock equal to the Common Stock Conversion Consideration immediately prior to the effective time of the Change of Control, or the Alternative Conversion Consideration. The Common Stock Conversion Consideration or the Alternative Conversion Consideration, as may be applicable to a Change of Control, is referred to as the Conversion Consideration.

If the holders of our common stock have the opportunity to elect the form of consideration to be received upon a Change of Control, the Conversion Consideration will be deemed to be the kind and amount of consideration actually received by holders of a majority of the shares of our common stock that voted for such an election (if electing between two types of consideration) or holders of a plurality of the shares of our common stock that voted for such an election (if electing between more than two types of consideration), as the case may be, and will be subject to any limitations to which all holders of our common stock are subject, including, without limitation, pro rata reductions applicable to any portion of the consideration payable upon such Change of Control.

Within 15 days following the occurrence of a Change of Control, we will provide to holders of Series B Preferred Stock a notice of the occurrence of the Change of Control that describes the resulting Change of Control Conversion Right. This notice will state the following:

- the events constituting the Change of Control;
- the date of the Change of Control;
- the last date and time by which the holders of Series B Preferred Stock may exercise their Change of Control Conversion Right;
- the method and period for calculating the Common Stock Price;
- the Change of Control Conversion Date;
- that if, prior to the Change of Control Conversion Date, we have provided or provide notice of our election to redeem all or any portion of the shares of Series B Preferred Stock, holders will not be able to convert shares of Series B Preferred Stock designated for redemption and such shares will be redeemed on the related redemption date, even if such shares have already been tendered for conversion pursuant to the Change of Control Conversion Right;
- if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per share of Series B Preferred Stock;
- the name and address of the paying agent and the conversion agent; and
- the procedures that the holders of Series B Preferred Stock must follow to exercise the Change of Control Conversion Right.

We will issue a press release for publication on the Dow Jones & Company, Inc., Business Wire, PR Newswire or Bloomberg Business News (or, if these organizations are not in existence at the time of issuance of the press release, such other news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public), or post a notice on the "Investor Relations" page of our corporate website, in any event prior to the opening of business on the first business day following any date on which we provide the notice described above to the holders of Series B Preferred Stock.

To exercise the Change of Control Conversion Right, the holders of Series B Preferred Stock will be required to deliver, on or before the close of business on the Change of Control Conversion Date, the certificates (if any) or book entries representing Series B Preferred Stock to be converted, duly endorsed for transfer (if certificates are delivered), together with a completed written conversion notice to our transfer agent. The conversion notice must state:

- the relevant Change of Control Conversion Date;
- the number of shares of Series B Preferred Stock to be converted; and

- that the Series B Preferred Stock is to be converted pursuant to the Change of Control Conversion Right Series B Preferred Stock.

The "Change of Control Conversion Date" is the date on which the shares of Series B Preferred Stock are to be converted, which will be a business day selected by us that is no fewer than 20 days nor more than 35 days after the date on which we provide the notice described above to the holders of Series B Preferred Stock.

The "Common Stock Price" will be (i) if the consideration to be received in the Change of Control by the holders of our common stock is solely cash, the amount of cash consideration per share of our common stock or (ii) if the consideration to be received in the Change of Control by holders of our common stock is other than solely cash (x) the average of the closing sale prices per share of our common stock (or, if no closing sale price is reported, the average of the closing bid and ask prices or, if more than one in either case, the average of the average closing bid and the average closing ask prices) for the 10 consecutive trading days immediately preceding, but not including, the effective date of the Change of Control as reported on the principal U.S. securities exchange on which shares of our common stock are then traded, or (y) the average of the last quoted bid prices for shares of our common stock in the over-the-counter market as reported by OTC Markets Group, Inc. or similar organization for the 10 consecutive trading days immediately preceding, but not including, the effective date of the Change of Control, if our common stock is not then listed for trading on a U.S. securities exchange.

Conversion upon an Absence of Suitable Indices Event

If, following an Absence of Suitable Indices Event, we do not redeem all of the outstanding shares of Series B Preferred Stock in accordance with the provisions described under "—Redemption—Redemption upon an Absence of Suitable Indices Event," then we will convert all of the shares of Series B Preferred Stock into shares of our common stock, at a conversion ratio per share of Series B Preferred Stock equal to the sum of (i) the initial liquidation preference, (ii) the FVA Amount for the relevant period (if the FVA Amount for such period is a positive number) and (iii) any accrued and unpaid dividends to, but excluding, the fourth business day following the notice of conversion, divided by the VWAP, as reported by Bloomberg Business News, if available, on the day the notice of conversion is issued.

If a VWAP is not available on Bloomberg Business News or a similar publication, then the volume-weighted average of the high and low trading prices of our common stock on the NYSE (or, if not listed on the NYSE, such other domestic securities exchange as our common stock may be listed or traded) calculated using the high and low prices (volume-weighted) as reported on Bloomberg Business News or a similar publication on the date the notice of conversion is issued shall be used in place of the VWAP for all purposes hereunder.

Fractional Shares; Delivery of Common Stock

Upon conversion of shares of Series B Preferred Stock, whether pursuant to the rights described under "—Conversion at Our Option," "—Conversion upon a Change of Control" or "—Conversion upon an Absence of Suitable Indices Event," we will deliver the shares of our common stock due upon conversion as soon as practicable on or after, but in no event later than the fourth business day after, the conversion date or Change of Control Conversion Date, as applicable. However, on the conversion date or Change of Control Conversion Date, as applicable, the holder to whom the shares of our common stock due upon conversion are to be issued will be deemed to be a holder of record of such shares of common stock.

We will not issue fractional shares of our common stock upon the conversion of the shares of Series B Preferred Stock. Instead, we will pay the cash value of any fractional share otherwise due, computed on the basis of the VWAP for a conversion at our option or the Common Stock Price for a conversion upon a Change of Control, as applicable.

Power to Increase or Decrease Authorized Shares and Issue Additional Shares of Our Common and Preferred Stock

Our charter authorizes our board of directors, with the approval of a majority of the entire board of directors, to amend our charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series without stockholder approval. We believe that the power of our board of directors to increase or decrease the number of authorized shares and to classify or reclassify unissued shares of common stock or preferred stock and thereafter to cause us to issue such shares will provide us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs which might arise. The additional classes or series, as well as the additional shares, will be available for issuance without further action by our stockholders (including holders of the Series B Preferred Stock), unless such action is required by applicable law, the terms of any other class or series of shares or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. Although our board of directors does not intend to do so, it could authorize us to issue a class or series that could, depending upon the terms of the particular class or series, delay, defer or prevent a transaction or a change in control of our company that might involve a premium price for our shareholders or otherwise be in their best interests.

Listing

Our Series B Preferred Stock is listed on the NYSE under the symbol "FPI PR B."

Transfer Agent and Registrar

We have retained American Stock Transfer & Trust Company, LLC as the transfer agent and registrar for our Series B Preferred Stock.

Certain Provisions of Maryland Law and Our Charter and Bylaws

See "Certain Provisions of Maryland Law and Our Charter and Bylaws."

CERTAIN PROVISIONS OF MARYLAND LAW AND OUR CHARTER AND BYLAWS

Although the following summary describes certain provisions of Maryland law and the material provisions of our charter and bylaws, it is not a complete description of our charter and bylaws, or of the MGCL. The summary below is qualified in its entirety by reference to the MGCL and or charter and bylaws.

Our Board of Directors

Our charter and bylaws provide that the number of directors of our company may be established, increased or decreased by our board of directors, but may not be less than the minimum number required under the MGCL, which is one, or, unless our bylaws are amended, more than fifteen. We have elected by a provision of our charter to be subject to a provision of Maryland law requiring that, subject to the rights of holders of one or more classes or series of preferred stock, any vacancy may be filled only by a majority of the remaining directors, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy will serve for the full term of the directorship in which such vacancy occurred and until his or her successor is duly elected and qualifies.

Each member of our board of directors is elected by our stockholders to serve until the next annual meeting of stockholders and until his or her successor is duly elected and qualifies. Holders of shares of our common stock have no right to cumulative voting in the election of directors, and directors are elected by a plurality of the votes cast in the election of directors. Consequently, at each annual meeting of stockholders, the holders of a majority of the shares of our common stock are able to elect all of our directors.

Removal of Directors

Our charter provides that, subject to the rights of holders of one or more classes or series of preferred stock to elect or remove one or more directors, a director may be removed only for cause (as defined in our charter) and only by the affirmative vote of holders of shares entitled to cast at least two-thirds of the votes entitled to be cast generally in the election of directors. This provision, when coupled with the exclusive power of our board of directors to fill vacant directorships, may preclude stockholders from removing incumbent directors except for cause and by a substantial affirmative vote and filling the vacancies created by such removal with their own nominees.

Business Combinations

Under the MGCL, certain "business combinations" (including a merger, consolidation, share exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities) between a Maryland corporation and an interested stockholder (i.e., any person (other than the corporation or any subsidiary) who beneficially owns 10% or more of the voting power of the corporation's outstanding voting stock after the date on which the corporation had 100 or more beneficial owners of its stock, or an affiliate or associate of the corporation who, at any time within the two-year period immediately prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding stock of the corporation after the date on which the corporation had 100 or more beneficial owners of its stock) or an affiliate of an interested stockholder, are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. Thereafter, any such business combination between the Maryland corporation and an interested stockholder generally must be recommended by the board of directors of such corporation and approved by the affirmative vote of at least (1) 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation and (2) two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom (or with whose affiliate) the business combination is to be effected or held by an affiliate or associate of the interested stockholder, unless, among other conditions, the corporation's common stockholders receive a minimum price (as defined in the MGCL) for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares. A person is not an interested stockholder under the statute if the board of directors approved in advance the transaction by which the person otherwise would have become an interested stockholder. The board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by it.

The statute permits various exemptions from its provisions, including business combinations that are exempted by the board of directors prior to the time that the interested stockholder became an interested stockholder. As permitted by the MGCL, our board of directors has adopted a resolution exempting any business combination between us and any other person from the provisions of this statute, provided that the business combination is first approved by our board of directors (including a majority of directors who are not affiliates or associates of such persons). However, our board of directors may repeal or modify this resolution at any time in the future, in which case the applicable provisions of this statute will become applicable to business combinations between us and interested stockholders.

Control Share Acquisitions

The MGCL provides that holders of "control shares" of a Maryland corporation acquired in a "control share acquisition" have no voting rights with respect to those shares except to the extent approved by the affirmative vote of at least two-thirds of the votes entitled to be cast by stockholders entitled to vote generally in the election of directors, excluding votes cast by (1) the person who makes or proposes to make a control share acquisition, (2) an officer of the corporation or (3) an employee of the corporation who is also a director of the corporation. "Control shares" are voting shares of stock which, if aggregated with all other such shares of stock previously acquired by the acquirer or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing directors within one of the following ranges of voting power: (1) one-tenth or more but less than one-third, (2) one-third or more but less than a majority or (3) a majority or more of all voting power. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A "control share acquisition" means the acquisition of issued and outstanding control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions (including an undertaking to pay expenses), may compel the board of directors to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then, subject to certain conditions and limitations, the corporation may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquirer or of any meeting of stockholders at which the voting rights of such shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquirer in the control share acquisition.

The control share acquisition statute does not apply to, among other things, (1) shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (2) acquisitions approved or exempted by the charter or bylaws of the corporation.

Our bylaws contain a provision exempting from the control share acquisition statute any acquisition by any person of shares of our stock. There can be no assurance that such provision will not be amended or eliminated at any time in the future by our board of directors.

Subtitle 8

Subtitle 8 of Title 3 of the MGCL permits a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors, without stockholder approval, and notwithstanding any contrary provision in the charter or bylaws, to any or all of five provisions of the MGCL which provide, respectively, that:

- the corporation's board of directors will be divided into three classes;
- the affirmative vote of two-thirds of the votes cast in the election of directors generally is required to remove a director;
- the number of directors may be fixed only by vote of the directors;
- a vacancy on its board of directors be filled only by the remaining directors and that directors elected to fill a vacancy will serve for the remainder of the full term of the class of directors in which the vacancy occurred; and
- the request of stockholders entitled to cast at least a majority of all the votes entitled to be cast at the meeting is required for stockholders to require the calling of a special meeting of stockholders.

We have elected by a provision in our charter to be subject to the provisions of Subtitle 8 relating to the filling of vacancies on our board of directors. In addition, without our having elected to be subject to Subtitle 8, our charter and bylaws already (1) require the affirmative vote of holders of shares entitled to cast at least two-thirds of all the votes entitled to be cast generally in the election of directors to remove a director from our board of directors, (2) vest in our board of directors the exclusive power to fix the number of directors and (3) require, unless called by our chairman, our president, our chief executive officer or our board of directors, the request of stockholders entitled to cast not less than a majority of all the votes entitled to be cast at the meeting to call a special meeting. Our board of directors is not currently classified. In the future, our board of directors may elect, without stockholder approval, to classify our board of directors or elect to be subject to any of the other provisions of Subtitle 8.

Meetings of Stockholders

Pursuant to our bylaws, an annual meeting of our stockholders for the purpose of the election of directors and the transaction of any business will be held on a date and at the time and place set by our board of directors. Each of

our directors is elected by our stockholders to serve until the next annual meeting and until his or her successor is duly elected and qualifies under Maryland law. In addition, our chairman, our president, our chief executive officer or our board of directors may call a special meeting of our stockholders. Subject to the provisions of our bylaws, a special meeting of our stockholders to act on any matter that may properly be considered by our stockholders will also be called by our secretary upon the written request of stockholders entitled to cast a majority of all the votes entitled to be cast at the meeting on such matter, accompanied by the information required by our bylaws. Our secretary will inform the requesting stockholders of the reasonably estimated cost of preparing and mailing the notice of meeting (including our proxy materials), and the requesting stockholder must pay such estimated cost before our secretary may prepare and mail the notice of the special meeting.

Amendments to Our Charter and Bylaws

Under the MGCL, a Maryland corporation generally cannot amend its charter unless approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is set forth in the corporation's charter. Except for certain amendments related to the removal of directors and the restrictions on ownership and transfer of our stock and the vote required to amend those provisions (which must be declared advisable by our board of directors and approved by the affirmative vote of stockholders entitled to cast not less than two-thirds of all the votes entitled to be cast on the matter), our charter generally may be amended only if the amendment is declared advisable by our board of directors and approved by the affirmative vote of stockholders entitled to cast a majority of all of the votes entitled to be cast on the matter. Our board of directors, with the approval of a majority of the entire board, and without any action by our stockholders, may also amend our charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series we are authorized to issue.

Our board of directors has the exclusive power to adopt, alter or repeal any provision of our bylaws and to make new bylaws.

Extraordinary Transactions

Under the MGCL, a Maryland corporation generally cannot dissolve, merge, sell all or substantially all of its assets, engage in a statutory share exchange or engage in similar transactions outside the ordinary course of business unless approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is set forth in the corporation's charter. As permitted by the MGCL, our charter provides that any of these actions may be approved by the affirmative vote of stockholders entitled to cast a majority of all of the votes entitled to be cast on the matter. Many of our operating assets are and will be held by our subsidiaries, and these subsidiaries may be able to merge or sell all or substantially all of their assets without the approval of our stockholders.

Appraisal Rights

Our charter provides that our stockholders generally will not be entitled to exercise statutory appraisal rights.

Dissolution

Our dissolution must be declared advisable by a majority of our entire board of directors and approved by the affirmative vote of stockholders entitled to cast a majority of all of the votes entitled to be cast on the matter.

Advance Notice of Director Nominations and New Business

Our bylaws provide that, with respect to an annual meeting of stockholders, nominations of individuals for election to our board of directors and the proposal of other business to be considered by our stockholders at an annual meeting of stockholders may be made only (1) pursuant to our notice of the meeting, (2) by or at the direction of our board of directors or (3) by a stockholder who was a stockholder of record both at the time of giving of notice and at the time of the meeting, who is entitled to vote at the meeting on the election of the individual so

nominated or such other business and who has complied with the advance notice procedures set forth in our bylaws, including a requirement to provide certain information about the stockholder and its affiliates and the nominee or business proposal, as applicable.

With respect to special meetings of stockholders, only the business specified in our notice of meeting may be brought before the meeting. Nominations of individuals for election to our board of directors may be made at a special meeting of stockholders at which directors are to be elected only (1) by or at the direction of our board of directors or (2) provided that the special meeting has been properly called in accordance with our bylaws for the purpose of electing directors, by a stockholder who is a stockholder of record both at the time of giving of notice and at the time of the meeting, who is entitled to vote at the meeting on the election of each individual so nominated and who has complied with the advance notice provisions set forth in our bylaws, including a requirement to provide certain information about the stockholder and its affiliates and the nominee.

Anti-Takeover Effect of Certain Provisions of Maryland Law and Our Charter and Bylaws

Our charter and bylaws and Maryland law contain provisions that may delay, defer or prevent a change in control or other transaction that might involve a premium price for our common stock or otherwise be in the best interests of our stockholders, including:

- supermajority vote and cause requirements for removal of directors;
- requirement that stockholders holding at least a majority of our outstanding common stock must act together to make a written request before our stockholders can require us to call a special meeting of stockholders;
- provisions that vacancies on our board of directors may be filled only by the remaining directors for the full term of the directorship in which the vacancy occurred;
- the power of our board of directors, without stockholder approval, to increase or decrease the aggregate number of authorized shares of stock or the number of shares of any class or series of stock;
- the power of our board of directors to cause us to issue additional shares of stock of any class or series and to fix the terms of one or more classes or series of stock without stockholder approval;
- the restrictions on ownership and transfer of our stock; and
- advance notice requirements for director nominations and stockholder proposals.

Likewise, if the resolution opting out of the business combination provisions of the MGCL was repealed, or the business combination is not approved by our board of directors, or the provision in the bylaws opting out of the control share acquisition provisions of the MGCL were rescinded, these provisions of the MGCL could have similar anti-takeover effects.

Ownership Limit

Subject to certain exceptions, our charter contains certain ownership limits with respect to our stock. Our charter, among other restrictions, prohibits the beneficial or constructive ownership by any person of more than 9.8% in value or in number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our capital stock, excluding any shares that are not treated as outstanding for federal income tax purposes. Our board of directors, in its sole and absolute discretion, may exempt a person, prospectively or retroactively, from this ownership limit if certain conditions are satisfied. For a fuller description of these restrictions and the constructive ownership rules, see "—Restrictions on Ownership and Transfer."

Limitation of Liability and Indemnification of Directors and Officers

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages, except for liability resulting from (1) actual receipt of an improper benefit or profit in money, property or services or (2) active and deliberate

dishonesty that is established by a final judgment and is material to the cause of action. Our charter contains a provision that eliminates such liability to the maximum extent permitted by Maryland law.

Our charter and bylaws provide for indemnification of our officers and directors against liabilities to the maximum extent permitted by the MGCL, as amended from time to time.

The MGCL requires a corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. The MGCL permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made, or threatened to be made, a party by reason of their service in those or other capacities unless it is established that:

- the act or omission of the director or officer was material to the matter giving rise to the proceeding and (1) was committed in bad faith or (2) was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

However, under the MGCL, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that personal benefit was improperly received, unless in either case a court orders indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification, and then only for expenses. In addition, the MGCL permits a Maryland corporation to advance reasonable expenses to a director or officer upon its receipt of:

- a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation; and
- a written undertaking by the director or officer or on the director's or officer's behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the director or officer did not meet the standard of conduct.

Our charter authorizes us, and our bylaws obligate us, to the maximum extent permitted by Maryland law in effect from time to time, to indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, pay or reimburse reasonable expenses in advance of final disposition of such a proceeding to:

- any present or former director or officer of our company who is made, or threatened to be made, a party to the proceeding by reason of his or her service in that capacity; or
- any individual who, while a director or officer of our company and at our request, serves or has served as a director, officer, partner, trustee, member or manager of another corporation, real estate investment trust, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise and who is made, or threatened to be made, a party to the proceeding by reason of his or her service in that capacity.

Our charter and bylaws also permit us to indemnify and advance expenses to any individual who served our predecessor in any of the capacities described above and to any employee or agent of our company or our predecessor.

We have entered into indemnification agreements with each of our directors and executive officers that provide for indemnification to the maximum extent permitted by Maryland law.

REIT Qualification

Our charter provides that our board of directors may revoke or otherwise terminate our REIT election, without approval of our stockholders, if it determines that it is no longer in our best interests to continue to qualify as a REIT.

Exhibit 21.1

Entity	State
Farmland Partners Operating Partnership, L.P.	DE
Farmland Partners OP GP, LLC	DE
PH Farms LLC	IL
Cottonwood Valley Land, LLC	NE
FPI Colorado LLC	DE
FPI Burlington Farms LLC	DE
FPI Arkansas LLC	DE
FPI Agribusiness LLC	DE
American Farmland Company, L.P.	DE

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Farmland Partners, Inc. Registration Statements on Form S-3 (No. 333-224385, No. 333-224384. No. 333-203798, and No. 333-203799) and on Form S-8 (No. 333-195268, No. 333-203874, and No. 333-217669) of our report dated March 12, 2020, relating to the December 31, 2019 and 2018 consolidated financial statements, the financial statement schedule and the effectiveness of internal control over financial reporting, which appears in Farmland Partners, Inc. Annual Report on Form 10-K for the years ended December 31, 2019 and 2018.

/s/ Plante & Moran PLLC

March 12, 2020
Denver, CO

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-203799, No. 333-224384 and No. 333-224385) and Form S-8 (No. 333-195268, No. 333-203874 and No. 333-217669) of Farmland Partners Inc. of our report dated March 2, 2018 relating to the financial statements and financial statement schedule, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

March 12, 2020

Denver, CO

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Paul A. Pittman, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2019 of Farmland Partners Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 13, 2020

/s/ PAUL A. PITTMAN
Paul A. Pittman
Executive Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Luca Fabbri, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2019 of Farmland Partners Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 13, 2020

/s/ LUCA FABBRI
Luca Fabbri
Chief Financial Officer and Treasurer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Farmland Partners Inc. (the "Company") on Form 10-K for the period ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul A. Pittman, the Executive Chairman and Chief Executive Officer of the Company, and I, Luca Fabbri, the Chief Financial Officer and Treasurer of the Company, certify, to our knowledge, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 13, 2020	/s/ PAUL A. PITTMAN Paul A. Pittman Executive Chairman and Chief Executive Officer
Date: March 13, 2020	/s/ LUCA FABBRI Luca Fabbri Chief Financial Officer and Treasurer